

# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

JUNE 1949



"... banks are out in front as pioneers in the use of television." (Page 36)

## Are We Coddling Socialism Abroad, Too?

(Page 33)

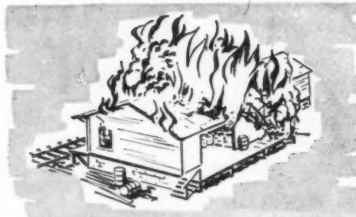
# What is your bank's

# I<sup>n</sup>surance Q<sup>u</sup>otient?



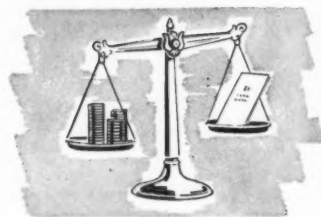
**Could a robbery leave your bank holding obligations instead of collateral?**

In determining the amount of its Bankers' Blanket Bond, one bank failed to consider securities held as collateral and endorsed so as to be readily transferable. The bank was thus dangerously underinsured.



**Is the solvency of your borrowers protected by properly planned insurance?**

An insurance survey revealed that a \$30,000 fire insurance policy on real estate offered as collateral would be void under certain conditions. At no extra cost, the policy was modified to provide complete protection.



**Does your bank have all the insurance protection it is paying for?**

By readjusting a bank's bonding and insurance program to fit its needs more accurately, it was possible to provide, at no additional cost, \$50,000 additional burglary and robbery protection that the bank badly needed.

The Aetna Plan of Insurance Analysis for financial institutions will provide (1) a complete study of your bank's insurable exposures, (2) a detailed comparison of these exposures with your present insurance policies, (3) a constructive report which includes a visible record of

your insurance program and recommendations designed to provide the most complete insurance program available, (4) a continuing control plan which keeps insurance in line with changing requirements. Ask the Aetna Agent in your community for complete details.

## ÆTNA CASUALTY AND SURETY COMPANY

*Affiliated with Aetna Life Insurance Company*

Automobile Insurance Company

HARTFORD 15



Standard Fire Insurance Company

CONNECTICUT

# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



This month's cover shows one of the exterior sequences being shot for the television program of the Lincoln National Bank & Trust Company, Syracuse. The subject of this program was *The 24-Hour Banker*. Such night shots as this one laid particular emphasis on the title. (See the article on television's use by banks on page 36.)

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June 1949

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# *Practice* is the price of **OUTSTANDING PERFORMANCE**

During our entire business history we have never diverged from one line of endeavor. Through long and unremitting practice in the making of safety papers La Monte has achieved a product of outstanding quality. The unusually wide acceptance these papers have enjoyed is indicative of the soundness of our policy.

## *La Monte* **SAFETY PAPER FOR CHECKS**

GEORGE LAMONTE & SON, NUTLEY, NEW JERSEY





### Unfortunately . . .

GEORGE O'CONNOR of the Binghamton (New York) *Sun* told this one:

"The City National Bank of Binghamton sent flowers recently to the management of the Binghamton Savings Bank, congratulating the latter institution upon the opening of its new facilities. But unfortunately the card accompanying the flowers read: 'Deepest Sympathy.'

"Later the florist who made the mistake called the bank to apologize. What really worried him, he added, was the other bouquet, intended for a funeral, and carrying a message intended for the bank: 'Congratulations on your new location!'"

### Can You Identify These Initials?

THE United States Secret Service is anxious to find the man or woman who scribbled his or her initials on the borders of several counterfeit \$100 bills. The initials, shown in the pictures below, were written with a purple or an indelible pencil, probably by a bank employee. If the writer can be found he may be able to furnish valuable information as to the source from which the counterfeits were received.

Any information regarding the initials or the identity of the person who

wrote them should be sent to U. E. BAUGHMAN, Chief, U. S. Secret Service, Treasury Department, Washington 25, D. C.

### Are We Really Doing Them A Favor?

FRED I. KENT, the distinguished banker, offers in this issue some thoughtful observations on the ECA program. ("Are We Coddling Socialism Abroad, Too?" Page 33.)

Agreeing that the purpose of the Marshall Plan is "beyond reproach," Mr. Kent suggests that the project "is not beyond question as to advisability."

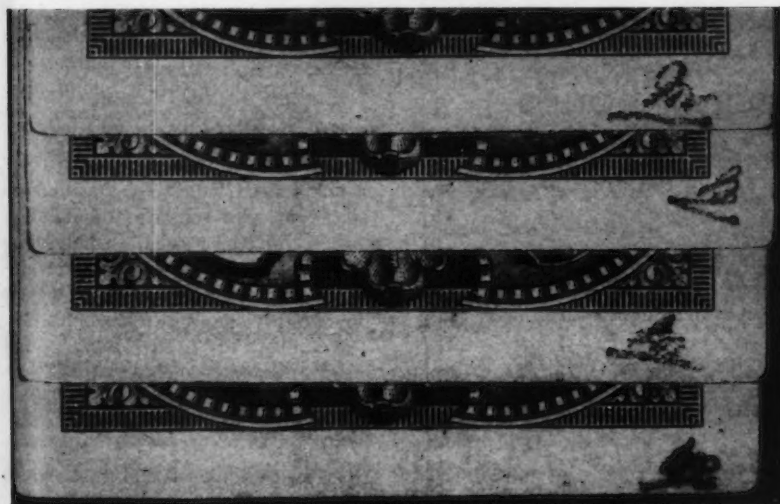
"There is a grave question," he says, "as to whether the beneficiaries of the ECA can recover as going nations as quickly and effectively under such a system of huge gifts as they could under a program that required greater effort on their part and a program that penalized socialistic practices such as nationalization."

He thinks it is doubtful, for example, whether we're doing the British a favor "or whether we are creating a situation which will make it more difficult for them for years to come by giving them huge funds that enable a socialistic government to lead the people to feel that its methods are bringing the British nation out from under the burdens left by the war."

### It Just Doesn't Make Sense

MR. KENT also sees no reason why the American taxpayer "should pay to further nationalization in Great Britain if he believes it would be harmful to that nation and unfortunate for his own

Those mysterious initials



### SERVICE

Maintaining an intimate, personalized correspondent service.

### EXPERIENCE

Officials with years of service in this field, assuring a knowledge of requirements and valuable assistance.

### POLICY

To cooperate with out-of-town banks rather than compete for business which is rightfully theirs.

*The*  
**Public National**  
**Bank and Trust Company**  
*of New York*

Established 1908

Member: New York Clearing House Association  
Federal Deposit Insurance Corporation

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STEVENS  
& CLARK  
FUND, Inc.**

May Be  
Purchased  
at  
Net Asset Value

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BOSTON 9, MASSACHUSETTS



## 4 YEARS BEFORE STREET CARS!

When the First National Bank was founded in 1902 Miami had no movie theatres, no public transportation system, no bridge to Miami Beach.

Today Greater Miami with half a million population, is one of the nation's most modern metropolitan areas; and the First National has become Florida's largest financial institution, rendering complete correspondent services to banks all over the world. Your inquiry will receive prompt attention.

### THE FIRST NATIONAL BANK OF MIAMI

MIAMI'S OLDEST • FLORIDA'S LARGEST  
*Complete Banking and Trust Services*

FOUNDED IN 1902

MEMBER • FEDERAL RESERVE SYSTEM  
FEDERAL DEPOSIT INSURANCE CORPORATION

— SPECIALISTS IN —

## United States Government Securities



## State and Municipal Bonds



### C. J. DEVINE & CO. INC.

48 Wall Street, New York 5 HANover 2-2727

Chicago • Boston • Philadelphia • Washington • Pittsburgh  
Cleveland • Cincinnati • St. Louis • San Francisco

Direct Wires to all Offices



"You'll find our institution will do all kinds of extra little services, like, say, taking you out to lunch"

country." It just doesn't make sense, in this banker's opinion. "If conditions were turned about, can you imagine," he asks, "any foreign socialist or communist advocating that his country give funds to the United States to further the private enterprise system?"

It is clearly in the interest of the British as well as the American people, he thinks, for ECA "to advise the British Government that under the law creating the ECA the allocation of funds which directly or indirectly act to further nationalization in Great Britain cannot be allowed."

Asserting that "when a people become soft through coddling, every false promise, whether based on so-called ideologies or not, becomes attractive," Mr. KENT adds that "the menace of communism is undoubtedly greater than would have been true if the United States under ECA had confined its giving to those particular things which make it possible through hard work . . . for people in the nations concerned to rebuild their own minds and bodies while restoring their own countries." Indeed, unless we "act only in ways that will reconstruct the minds of those involved," we shall "surely delay recovery and develop a world where dissatisfaction prevails while at the same time destroying our own resources."

We must, in short, "bring within bounds the relief which we extend."

#### Bank in Movie

NATIONAL Bank of Tulsa has done  
(CONTINUED ON PAGE 6)

BANKING



**S. T. M. FREY**  
Vice President  
Far West District



**E. F. EBERT**  
Vice President  
Southwest District



**W. E. BLAKELEY**  
Vice President  
Middle West District



**R. B. HOBBS**  
Vice President  
South Atlantic District



**J. S. TABER**  
Vice President  
North Central District



**F. J. RUE**  
Vice President  
N. E. and Middle  
Atlantic Districts



**J. P. DREIBELBIS**  
Vice President  
in Charge  
Out of Town Division

**FAR WEST  
DISTRICT**

**MIDDLE WEST  
DISTRICT**

**SOUTHWEST  
DISTRICT**

**SOUTH ATLANTIC  
DISTRICT**

**NORTH  
CENTRAL  
DISTRICT**

**MIDDLE  
ATLANTIC  
DISTRICT**

**NEW  
ENGLAND  
DISTRICT**

## How these 7 men work for you and your bank

**T**HESE men are part of a Bankers Trust Company team whose responsibility is the handling of the Bank's out-of-town business.

The aim of each man, and the experienced staff working with him, is to help our customers with their New York banking arrangements, and to point the way to the effective use of the many services this Bank offers.

Here are six typical services that are available to you:

### **Government and Municipal Bonds**

As a primary dealer we maintain an active market. All prices are net.

### **Portfolio Analysis**

We will analyze your bond account,

advise on arrangement of maturities, recommend what to buy and sell.

### **Pension Plans**

We will be glad to work with you on your own pension problems and those of your customers.

### **Collections**

Fast, dependable collection of coupons, bonds, checks, notes, drafts, trade acceptances, bills of exchange.

### **Credit Information**

Prompt, thorough reports prepared

by a large and well-trained staff.

### **Foreign Banking**

Including collection of foreign items, exchange transactions, and financing of overseas shipments.

You will find these men go beyond the routine in the handling of your business. They will be glad to work with you on any of the problems that concern banking transactions in New York.

## **BANKERS TRUST COMPANY** NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



**SAVE DAYS**  
on your West Coast items...

*at San Francisco . . . our Air-route  
location, our Day-and-Night Transit operation  
and widespread Collection facilities . . . often  
save Correspondents 2 or 3 days in  
earlier availability of funds.*

*HEAD OFFICE: SAN FRANCISCO*

**AMERICAN  
TRUST  
COMPANY**  
⊙  
**BANKING**  
*Since 1854*

*Member  
Federal  
Deposit  
Insurance  
Corporation*

*Many offices throughout Northern California  
Resources over \$900,000,000*

AMERICAN  
TRUST  
COMPANY  
⊗  
BANKING  
*Since 1854*

Member  
Federal  
Deposit  
Insurance  
Corporation

# OUT IN FRONT

From Alice in Wonderland we learned that we must "run very fast to stay in the same place". We don't think this delightful book says anything about how fast one must run to forge ahead. In the business world we recognize the wisdom of the observation and yet some of us do forge ahead...and some reach the top.

Here at DeLuxe we feel that we are out in front in the field of check manufacture. We have not reached the top and we never expect to, but, by running very fast and always improving our product and our service, we hope to remain in the lead.

To protect our position, we are introducing in our five plants many innovations that will make precision workmanship easier than mediocre workmanship. Little things that in themselves would not be considered major projects but, when

put together and applied to our process, make for smoother and more accurate handling of orders.

The check business is changing. We are getting away from large runs and large shipments and more into the handling of extremely small units. As the Personalized Check Program continues to gather momentum, we find ourselves oftentimes handling a thousand orders where we formerly handled one. As a consequence, we are adjusting our thinking and our facilities in order to keep pace with the new buying habits of our customers.

Because we really like to handle little orders, and because over a period of thirty-three years our staff has become attuned to them, we constitute a dependable source of supply for the bank that needs topnotch service and lots of it.

---



*Manufacturing Plants at:*

NEW YORK, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL



De Luxe  
CHECK PRINTERS  
*Since 1911*

6

# The World's "No. 1 Money!"

In an encounter with bandits, far up China's Yangtze River, two American travelers were robbed of everything except a packet of American Express Travelers Cheques. Would these be accepted by merchants in this remote spot, who had probably never been visited by an American or European? The travelers decided to try it, because they desperately needed food. Dubiously, they offered a \$20 cheque to an ancient Chinese merchant. His face burst into a grin. "Number One money!" he cried. Later, he explained that years previously an explorer had given him a travelers cheque, which he had found was good, so he cheerfully accepted theirs.

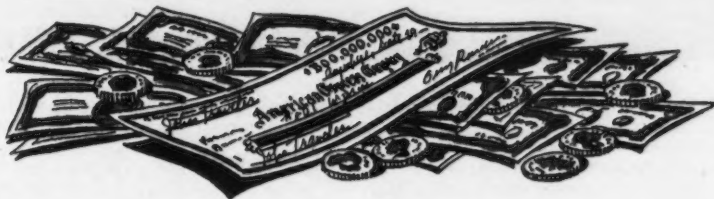
(Reprinted from April 1949 issue of CORONET)



This is just one of many instances . . . No wonder American Express Travelers Cheques are the most widely accepted cheques in the world!

At home and abroad, 168 offices in 125 key cities enable American Express to offer your customers an experienced, reliable service. Thousands of

agents and correspondents throughout the world are always available whenever or wherever your customers need assistance. This world-wide network . . . the easy spendability and 100% safety of American Express Travelers Cheques assure pleasant traveling for your customers.



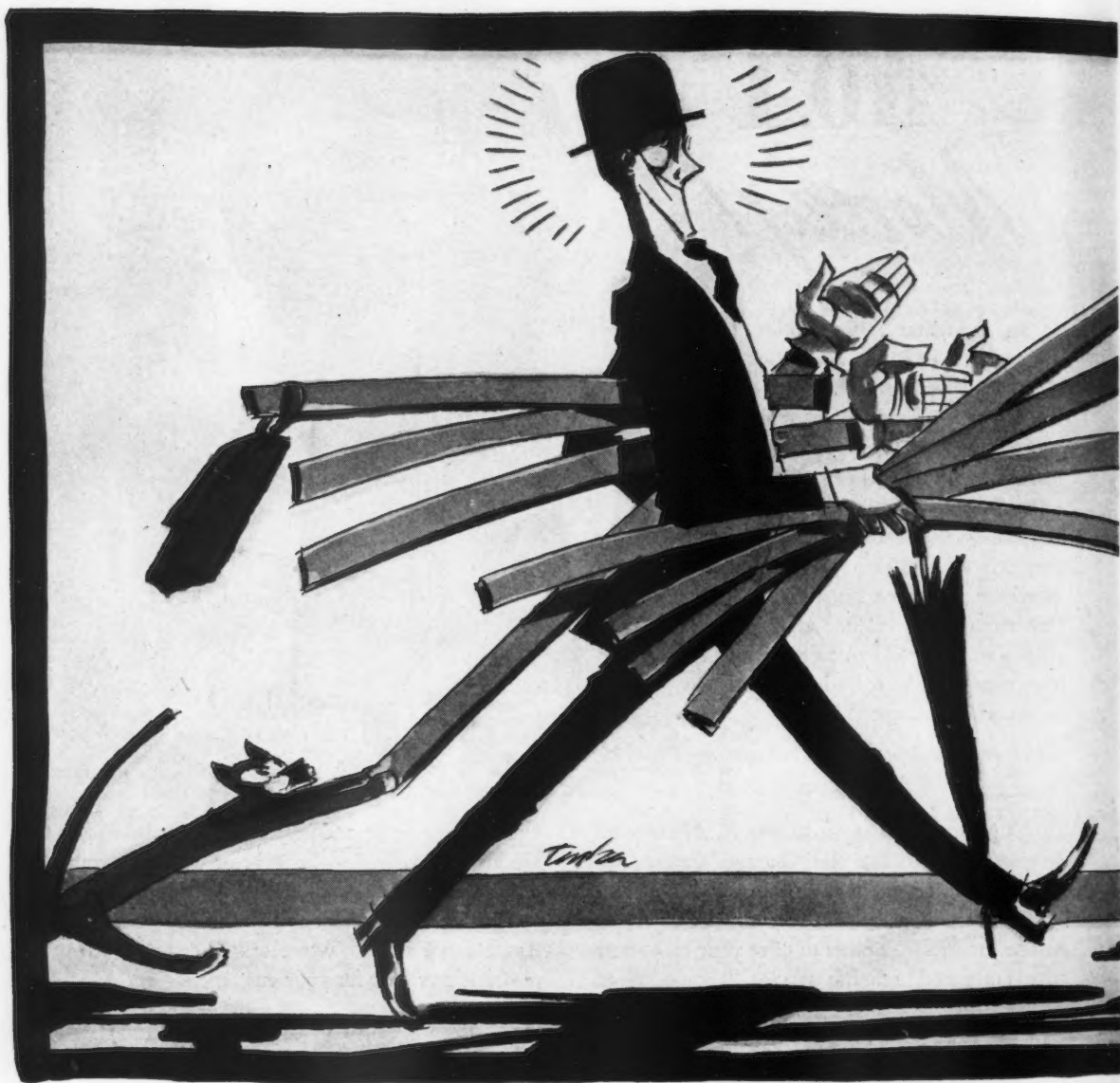
CONVENIENT AS CASH — 100% SAFE

## AMERICAN EXPRESS TRAVELERS CHEQUES

MOST WIDELY ACCEPTED CHEQUES IN THE WORLD

# How many hands can an

(AN AD ABOUT EXTRAS)



**W**E'RE not only ambidextrous... we're *octodextrous*... and that's dextrous!

One of the most welcome hands we offer comes at the end of the year... holding a nice, fat dividend check!

American Mutual has the best long-time record in the field for this kind of savings... 62 years of sending money your way!

We've got another hand just itching to serve your customers... a hand that's helped reduce premiums in some industries as much as 53% below the average rate.

We call this our Special I.E. Loss Control Service\*... and

we defy anyone to find a better aid in helping reduce accidents, upping production and protecting loans!

In fact, we'll protect your customers against every possible hazard... including getting bitten by sharks in Iowa! (Rare)

One of the fastest hands we offer is the one that settles claims!

"Prove it," you say... and we will! Just recently a policy holder had a bad accident. Eight minutes later an American Mutual man was on the scene... In less than 30 minutes everything was settled!

## AMERICAN MUTUAL... the first American liability insurance company

© 1969 AMERICAN MUTUAL LIABILITY INSURANCE COMPANY

# Insurance Company give you?

by Mr. Friendly



We draw the line, however, at making settlements *before* the accidents occur!

The point is...with 73 offices in major cities throughout the country, we're always close at hand and always ready to serve you and your customers in the best possible way!

And, just as a clincher, may we remind you that we offer this service at no extra charge with every industrial policy!

Yes, American Mutual's one *bandy* company to have around!



\* Accident prevention based on principles of industrial engineering.

**REMEMBER: ALL AMERICAN MUTUAL POLICIES ARE NON-ASSESSABLE**

<b>Total Assets</b>	<b>Total Liabilities</b>	<b>Total Surplus</b>
\$93,824,384	\$76,441,097	\$17,383,287
<b>Total Claims</b>	<b>Total Dividends to Policyholders</b>	
\$313,426,622	\$123,275,137	

Nearly 80% of all assets in U. S. Gov't, first grade industrial, railroad, public utility bonds.



**The future just passed !**

Where an Oliver "Cletrac" has passed—*there* is a trail blazed for a new super-highway . . . ground cleared for a home, a factory, or a city . . . timber and pulpwood forests logged . . . the search for oil speeded. Truly, Oliver "Cletrac" crawler tractors are builders of futures.

Similarly in the design and manufacture of these powerful tractors, Oliver deals with the future . . . has pioneered many of the important developments in the crawler tractor, among them the exclusive steering principle that keeps power on both tracks at all times.

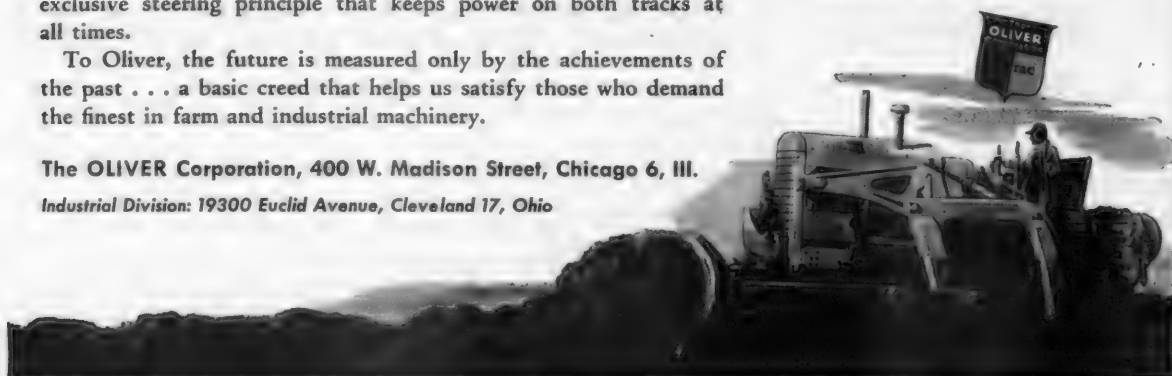
To Oliver, the future is measured only by the achievements of the past . . . a basic creed that helps us satisfy those who demand the finest in farm and industrial machinery.

**The OLIVER Corporation, 400 W. Madison Street, Chicago 6, Ill.**

**Industrial Division: 19300 Euclid Avenue, Cleveland 17, Ohio**

**OLIVER**

**"FINEST IN FARM AND INDUSTRIAL MACHINERY"**



partment, says this in his article: "Although time alone can provide the final answer, it would be a safe prediction to say that the ultimate answer will be 'Yes, but . . .'"

Mr. MACK finds that costs, programs, and availability are the three major problems facing banks in the employment of this new medium, and he takes up each in turn. Then he reports briefly on the video programs now being offered by more than a score of banks throughout the country.

Regardless of the problems and obstacles, he says, "banks are out in front as pioneers in the use of television." They're "studying, experimenting, and appraising this new force as a means of merchandising bank services and building better public relations."

### Those Cartoon Titles

AS BANKING went to press, so many titles for our May cartoon were still coming in that we decided to postpone publication of the accepted witticisms until the July issue.

The cartoon, you recall, appeared on page 3. It was by DICK ERICSON.

There's still time to send in a suggestion or two, but hurry, hurry!

### More "Pitfalls"

WHEN we asked Mr. ERICSON to do us a cartoon feature on "Public Freela-tions," he winced at the second word of the title, but went to work.

The result is spread across pages 52 and 53 of this issue.

"Sorry, madam, I can't divulge information. I'm a paying teller, not a telling payer!"



## New!...a machine to count currency accurately, automatically...fast!

Counting currency by hand is tedious, time-taking and costly. Counting currency with a Tickometer is quick, efficient!

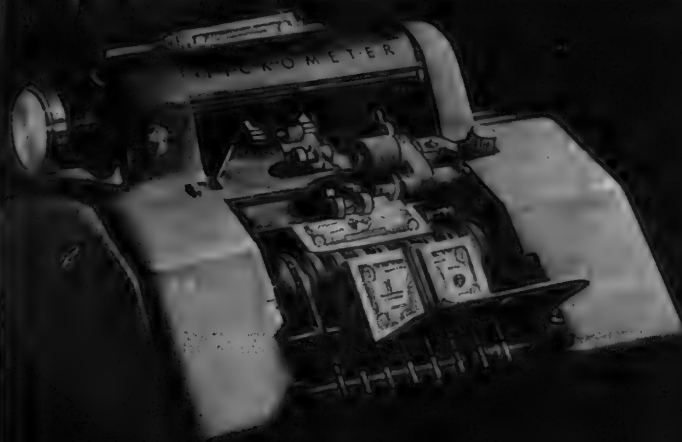
The new model Tickometer handles more than eight hundred bills or coupons a minute...counts five times faster than any manual method...imprints dates or codes at the same time...records both full and partial runs.

Already in use in hundreds of banks, street railways and department stores...the PB Tickometer can save time and trouble wherever cash or coupons are counted.

For full details and illustrated booklet, send in coupon below...today!



Pitney-Bowes  
**TICKOMETER**  
Counting and Imprinting Machine



PITNEY-BOWES, INC.  
3982 Pacific St., Stamford, Conn.  
Send illustrated Tickometer booklet to:

Name \_\_\_\_\_  
Firm \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_

**B OF M SPANS CANADA WITH 500 BRANCHES**



# Canada OFFERS YOUR CLIENTS Opportunities Unlimited

... opportunities to every United States banker who wishes to further the interests of his clients in this vast and rapidly expanding market.

Canada—third greatest trading nation in the world—offers immense sources of raw materials, unexcelled labor supply, abundant, low-cost power, and fast, economical air, water, rail and highway transportation.

This vast market is growing, and Canada's future is rich. Since 1817 the Bank of Montreal has helped it grow . . . has grown with it. And as the first Canadian bank with a United States office, established in New York in 1859, it has a long and successful record of assisting American bank-

ers and business men in transacting a large volume of Canadian business.

We invite you to use our facilities for yourself, or your clients, with the certainty that all inquiries will receive prompt and reliable responses from any of our offices in New York, Chicago, or San Francisco, or from our Foreign Department in Montreal.

If you want up-to-the minute information on establishing a plant in Canada, on Canadian exporting or importing, ask us what you want to know. And, as a starter, we'll send you our 100-page fact-packed booklet "Canada Today." Write for booklet B-50 to any of our U. S. offices, or to our Foreign Department in Montreal.



..... **"MY BANK"** **BANK OF MONTREAL** .....

TO A MILLION CANADIANS

**B of M**

**RESOURCES EXCEED \$1,900,000,000**

Promoting  
U. S. - Canadian  
Trade  
for 130 Years

**Canada's First Bank**  
In Canada since 1817 ... In U. S. since 1859

**HEAD OFFICE: MONTREAL**

**U. S.** NEW YORK ..... 64 Wall Street  
CHICAGO ..... 27 S. La Salle Street  
SAN FRANCISCO ..... 333 California Street

**LONDON** City Office - - - 47 Threadneedle St., E. C. 2  
West End Office - - 9 Waterloo Place, S. W. 1

**Over 500 Branches Across Canada**

A one-cent dividend check, that wasn't cashed, held up for seven months the settlement of a bankruptcy suit. Finally, counsel for the bankrupt firm asked Federal District Court in Pittsburgh please to take the penny. The court accepted the sum on behalf of the Federal Government.

## Bank Takes Blame for Misspelled Name

A CUSTOMER whose name had been misspelled by the Mercantile-Commerce Bank and Trust Company called the bank's attention to the slip with this jingle:

*I note with concern  
The care I must take  
Not to bend your form  
When a payment I make.*

*I wonder if you  
Will use the same care  
And spell my name right  
For we must not err!*

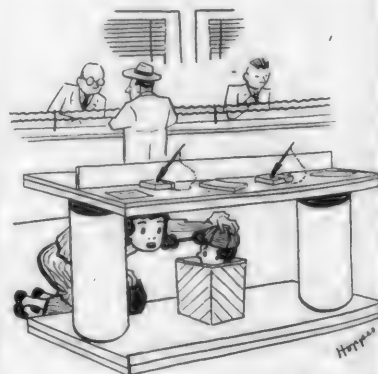
*I'm returning the book  
For you to correct  
With the right name signed  
To the enclosed check.*

The M-C, reports Vice-president T. J. GALLIVAN, commissioned its poet laureate to draft this reply.

*Oh, alas and alack  
That we should so err  
In spelling your name!  
The shame we must bear.*

*We welcome your humor  
And your payment, too.  
We're correcting our records.  
Forgive us, please do.*

"Now stay put until Mama gets her banking done!"



**BANKING**

# More

small banks cast their votes for

## BURROUGHS COMMERCIAL TELLER'S MACHINES

Every day, small banks throughout the country are enthusiastically reporting their approval of Burroughs Commercial Teller's Machines. Your bank, large or small, can obtain the same satisfactory results—faster service, internal accounting efficiency, improved customer relations—by installing this modern tool for tellers. Get the facts from your Burroughs man today.

WHEREVER THERE'S BUSINESS THERE'S



## Burroughs



"... take care of more customers faster. Speed up teller's work... able to balance in fifteen to thirty minutes. Great time savers even in small banks like ours."

*The First National Bank, Bonners Ferry, Idaho*



"Speed up tellers' work during business hours... out at least thirty minutes daily for each teller in balancing. Machine-imprinted records showed advantage over hand-posted passbooks."

*The Amsterdam City National Bank, Amsterdam, New York*



"Faster service to depositors... lines move more rapidly on busy days. Would not hesitate to recommend Burroughs Teller's Machines to any bank of similar size."

*Depositors State Bank, Northville, Michigan*



"With our new teller's machines we are able to speed our customers on their way in a very short time. Printed, registered receipts reduce the chance of having one amount on the book and another on the deposit ticket."

*Madison Safe Deposit and Trust Company, Madison, Indiana*



"Substantial reduction in time required to balance... less searching for differences... faster cashing of payroll checks. Customers consider the installation a very desirable feature."

*Citizens' First National Bank, Frankfort, New York*



"... greatly speed handling of transactions at tellers' windows. Simplify balancing, give customer a deposit record which is always clear, legible and necessarily in agreement with bank's own record."

*Livermore Falls Trust Company, Livermore Falls, Maine*



## Like having a foreign department IN YOUR OWN BANK

**Y**OUR correspondent account with either of Bank of America's main offices—in San Francisco or Los Angeles—not only affords you the services of the Bank's many California branches, but also of the world-wide facilities of its International Banking Department.

Letters of credit, acceptances, remittances, travelers cheques—every service related to foreign commerce, industry and travel is yours to command.

The International Banking Department of Bank of America operates directly for you, preserving your relationship with your customer. For complete details, write Bank of America, International Banking Department, 300 Montgomery Street, San Francisco 20.



### Bank of America NATIONAL TRUST AND SAVINGS ASSOCIATION

Branches throughout California and in London, Manila, Tokyo, Shanghai, Kobe, Yokohama  
Representatives: New York, Paris, Milan, Zurich  
Correspondents throughout the world

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION • MEMBER FEDERAL RESERVE SYSTEM

Sell Bank of America Travelers  
Cheques to your customers



## By the Way

*A quarter is a dollar after tax deductions.*

*Some persons urge spanking juvenile delinquents. It may be the parents who need it.*

*Just as double movie features are on the way out, television has to come in.*

*The American pioneer who thought the world was his oyster has a son now who expects a pearl in it.*

*For a good steady job there is nothing worse than being in a French cabinet.*

*If you can't sleep when it's time to get up, you really have insomnia.*

*Over 1,000 nuts may hold a car together, but it only takes one to spread it all over a four-lane highway.*

*Once men spent time in caves; now they spend it in subways. That's what historians call progress.*

*Even a mule can't do much kicking when it's pulling its share of the load.*

*Most of the accidents due to driving in a fog occur when the weather is clear.*

*An optimist cheerfully says this is the best of all possible worlds, which is enough to give the pessimist the blues.*

*The world is so full of a number of things and they all find their way into a woman's pocketbook.*

*A passport photograph is the sad truth in a two-for-50-cent size.*

*A philanthropist is a person who gives his money to grateful strangers so the relatives won't have to argue about it.*

*If you want to be popular, you have to be enthusiastic about what bores you.*

*Nothing dies faster than a new idea in a committee meeting.*

*Marriage is an association of two persons for the purpose of making one the beneficiary.*

*The difference between most of us is that we are ignorant on different subjects.*

**BANKING**

# At the Sign of the Wren's Nest...

*Famous American Homes*



*Home of*  
**JOEL CHANDLER  
HARRIS**



*The house in Atlanta where the creator of Uncle Remus lived for twenty-seven years*

**T**WO WRENS who set up housekeeping in the mailbox gave Joel Chandler Harris's home its name. Rather than disturb the little tenants who returned each year, he once took a distinguished visitor around to the rear entrance.

The man who won world-wide renown for his Uncle Remus stories always insisted that his success was entirely accidental. The "accident" that launched his newspaper career at the age of fourteen was securing a job as printer's devil on *The Countryman*. While setting type he managed to include articles he had written and soon became an acknowledged contributor.

After his marriage he was working on a newspaper in Savannah when a yellow fever epidemic caused the population to flee. At the Atlanta hotel where he took his family he registered as "J. C. Harris, one wife, two bow-legged children, and a bilious nurse." His humor was so cheering to the panic-stricken guests that the hotel refused to render a bill.

Harris and his family remained in Atlanta and in 1876 he went to work for the *Constitution* where another "accident" occurred. When a staff writer left, his column was assigned to Harris who introduced Uncle Remus, a character of his own invention. The result was a long succession of Uncle Remus fables and songs which were published in book form and to the modest author's amazement, received with wide enthusiasm.

With his profits Harris was able to enlarge the Wren's Nest where he had brought his increasing family some years earlier, but despite his fame he never abandoned his simple habits. Painfully shy and sensitive, Harris was uneasy with strangers, yet his kindness and sense of humor made him beloved. He shunned publicity and when making an appearance with his good friend Mark Twain was too bashful to read his stories aloud. With great difficulty he was per-

suaded to visit President Theodore Roosevelt who later wrote, "All of our family agreed that we had never received in the White House a pleasanter friend or a man whom we were more delighted to honor."

As a youth, Harris worked in New Orleans for a time but homesickness for Georgia drove him back and he never again left for more than a brief stay.

The Wren's Nest where Joel Chandler Harris lived until his death is today maintained by the Uncle Remus Memorial Association.

\* \* \*

The Home, through its agents and brokers, is America's leading insurance protector of American homes and the homes of American industry.

## ☆ THE HOME ☆ *Insurance Company*

Home Office: 59 Maiden Lane, New York 8, N.Y.  
FIRE • AUTOMOBILE • MARINE  
The Home Indemnity Company, an affiliate,  
writes Casualty Insurance, Fidelity & Surety Bonds  
Copyright 1949, The Home Insurance Company



*Uncle Remus was a composite of several real persons*



*The Tar Baby story is perhaps the best loved*

## When you think of PITTSBURGH



*Think of*  
**PEOPLES  
FIRST**

Pittsburgh has valuable industrial knowledge and technological facilities. A large proportion of the graduates of its five local colleges live in Pittsburgh, providing industry with a constant source of educated manpower. Pittsburgh industrial engineers and workers are thoroughly familiar with mass production techniques. Industrial research conducted in this area is outstanding.

If you are involved in planning operations in Pittsburgh, you'll find these and other facilities of great advantage. And Peoples First National, with its 15 completely staffed offices, is in excellent position to co-operate with you on projects in this area. Your inquiries are invited.

**PEOPLES FIRST  
NATIONAL**  
BANK & TRUST COMPANY  
Pittsburgh 30, Pa.

Member F. D. I. C.



SHE was young, it was her first day as a teller, and she was nervous and excited over her new responsibilities. Excitement increased to near panic when a customer brought in a \$1,000 bill—the first she had ever seen—for deposit. Although she was considered perfectly honest and trustworthy, when the head teller saw her take the bill, seal it in an envelope, write something on the flap, and then fasten the envelope to the lining of her pocketbook with a big safety pin, he thought it was time to ask questions.

"Why do you put that bill in your purse?" he asked.

"Well, I've been told I'm responsible for all the money in this cage," she replied, apprehensively, "and I want to keep this big bill safe, so I'm just going to carry it around with me all the time



until I check up tonight and not have to worry about it all day."

The writing on the envelope said, "This is the bank's money."

IN banks, notary publics have a rather dull time of it—usually—but occasionally there are variations from the routine. In our bank recently two men came in asking for a notary. The first was making a loan to the one accompanying him and taking a note for the amount. He wanted the signature certified by a notary. The notary assured him this was not necessary.

"Well," said the lender, "this man is a very good friend of mine, and I know he's just as honest as the day is long, but just in case something happened to one of us, I want to be sure it can be proved in court that he actually

signed this note. Doesn't the bank have all its notes notarized?"

The notary told him that the bank did not require this; that it was required only on papers which were to be recorded.

"Well, is it against the law to have a note notarized?" persisted the visitor.

"No, it's not against the law," replied the notary, "it just isn't necessary."

"Well, as I said before," said the obstinate customer, "this man I'm loaning the \$300 to is an old friend of mine, and I've got every confidence in him, but I'd feel better about it if I had him sign it in front of a notary, so you go ahead and put your seal on it, and then there can't ever be any argument about whether or not he signed the note."

So, for good measure, the notary had the man raise his hand and swear that he was signing the instrument "of his own free will and accord," and the two devoted and trusting friends went away satisfied.

IT was only a few days later that an old gentleman appeared before the notary and dictated some rather macabre and startling instructions.

"Since I am leaving on a long trip," he said, "and am not in very good health and might never arrive at my destination alive," he said, cheerfully, "I want to carry a paper with me in my



wallet—I know they'll look in that the first thing—telling what I want done."

And he went on to specify that in such an eventuality he wanted to be wrapped in a sheet—"positively no casket"—and cremated, and the ashes sent "in an inexpensive container" to his home. He was just as chipper and happy as possible about the whole thing, and, after his signature had been notarized, he went away chortling gruesomely over the possible disappointment of some baffled mortician.

BELLE S. HAMILTON

## "General Electric Equipped" VS "Bare-Kitchen" Houses

# WHICH IS THE BETTER MORTGAGE BET?



**Bare-kitchen home mortgaging  
is already down for the knockout count!**

**Count 1:** No house is truly up-to-date without a General Electric equipped kitchen-laundry!

**Count 2:** Thousands of home-hunters seek the timesaving, worksaving, moneysaving advantages of a General Electric equipped home.

**Count 3:** That's why General Electric appliances help protect your mortgage investment.

**Count 4:** General Electric equipped homes *stay sold!* The buyer doesn't have to load himself down with short-term payments on kitchen equipment. So he's better able to keep up payments on the house.

**Count 5:** General Electric equipped homes are within everybody's reach—under the "packaged mortgage" plan. Paying is easier—because the cost is stretched out over *years* instead of *months*—just by adding a few extra dollars a month to the home mortgage! That helps to maintain steady, *regular* mortgage payments.

**Count 6:** Economical General Electric appliances often help the homeowner make up this slight extra payment in *operating savings!*

**Count 7:** Proud homeowners *maintain* their G-E equipped homes better—thus protecting the resale value.

**Count 8:** People prefer General Electric appliances. In a recent survey, *51 per cent of the men and 53 per cent of the women said they prefer General Electric appliances!*

**Count 9:** Dependable General Electric appliances cut maintenance costs to a minimum.

**Count 10:** G-E Home Bureau advertising to architects and builders helps sell the "packaged mortgage" plan.

### **Get on the winning side**

Act today to include General Electric equipment in your realty mortgages. Address the Home Bureau, General Electric Co., Appliance and Merchandise Department, Bridgeport 2, Conn.



**You can put your confidence in—**

**GENERAL  ELECTRIC**

# International Trade Fair a June Event

## Elections Also Taking Place This Month

**J**UNE in Canada this year is the month of the second International Trade Fair and of elections, as well as weddings.

The fair—at Toronto from May 30 to June 10—started as an experiment a year ago to bring together materials and goods of many countries in one place. It is almost entirely a business affair, for it is one of the stringent rules that all products on display must be for sale and available for delivery within a reasonable time. In other words, every exhibitor must agree to take orders, subject of course to satisfactory terms, for anything that he shows at the fair.

There are over 20 classifications of materials and goods, ranging from precious jewels to the largest and most modern machinery, engineering, railway, and plant equipment. Similar exhibits are placed side by side regardless of the country of origin so that comparisons may be made as to quality, price, etc., and it is claimed, probably with justification, that a tour through the fair is worth about as much as visits to the four Continents.

Special services are provided for exhibitors and visitors, such as guides, linguists, special cable and communication facilities, trade experts to provide advice and accurate information on almost any international trade or financial transaction, stenographic services,

private club rooms and restaurants. The public is admitted only on three days, so that the businessmen interested in the fair can concentrate almost entirely upon its commercial side.

The present fair differs from the first held in 1948 in some important respects. Administrative difficulties encountered last year, as was to have been expected in a new venture of this kind, have been corrected and general efficiency greatly improved thereby. A most extensive publicity program was undertaken this year, in one form by an international advertising program extending to over 70 countries and in more than 20 languages.

**T**HE United States Department of Commerce cooperated in this campaign both in Washington and through its field offices. Charles Sawyer, American Secretary of Commerce, agreed to open the fair, in company with the president of the British Board of Trade and many other dignitaries. One hundred and fifty thousand personal invitations were sent out to well known buyers and business executives all over the world. Arrangements were made for hotel accommodation on behalf of out-of-town visitors.

An agreement was reached with the Dominion Government's Foreign Exchange Control Board to permit American exhibitors showing their products at

the fair to convert any Canadian funds realized therefrom into United States dollars, while the Canadian Customs authorities were instructed to accept exhibition material from other countries in bond and to consider it as free of duty unless it was sold to Canadian buyers. Overseas exhibitors were granted special freight rates under arrangements with steamship companies by which products transported to the fair could be returned to the country of origin at a 50 percent reduction on the homeward voyage, provided these were shipped in the same carriers in which they were brought to Canada.

The results of all these moves are perhaps best demonstrated by the fact that, whereas the 1948 fair was 60 percent Canadian, the present exhibits being displayed by 35 other countries—including two from behind the Iron Curtain, Yugoslavia and Czechoslovakia—account for 60 percent of the total exhibits. It does not seem that American exhibitors are as numerous as they were expected to be, but a great many products of United States origin are shown by Canadian branches and agents of American manufacturers.

One significant development is a plan to establish similar fairs in the United States, one that is encouraged by the American Government. At present, Detroit and Atlantic City are particu-

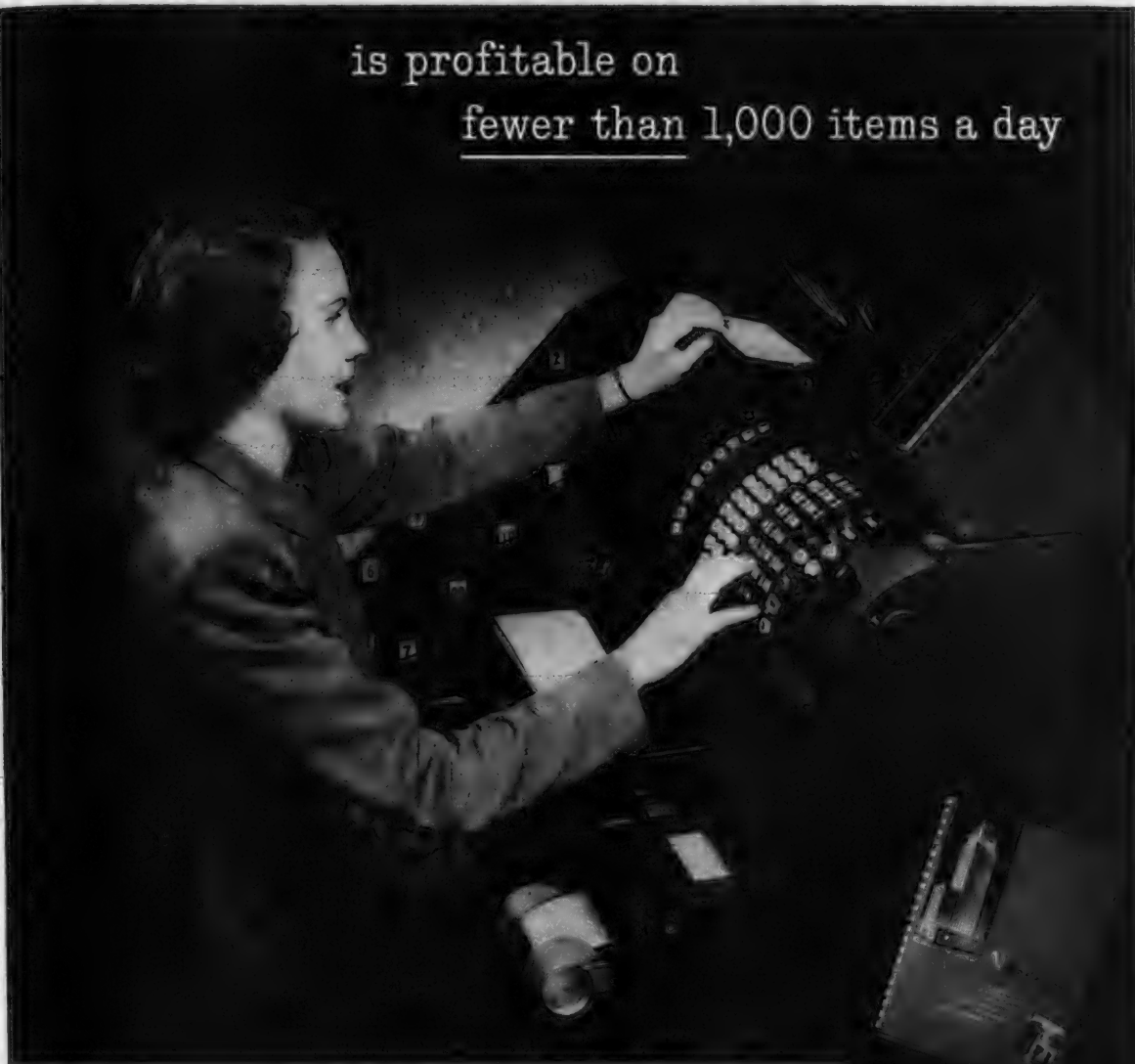
(CONTINUED ON PAGE 20)

Scene at the 1948 Trade Fair showing people comparing products of firms from abroad with those of familiar firms in Canada and the United States, left. The popular Marine Terrace in the Electrical Building where businessmen discuss trade at their leisure, right



# NATIONAL MECHANIZED PROOF

is profitable on  
fewer than 1,000 items a day



Many banks handling *fewer than 1,000 items a day* find their National Central Control and Proof Machine indispensable. At the other extreme, one large bank uses 69 of these machines!

For every bank, large or small, the National Central Control and Proof Machine is the answer to two basic problems:

1. *the proving of all incoming items.*
2. *the maintenance of an even flow of work to all departments throughout the day.*

In addition to the National Central Control and Proof Machine, National offers an efficient, mechanized answer to *every* bank accounting problem. Of the 100 largest banks in the United States, 94 use Nationals! Thousands of smaller ones use them, too. It will pay you to investigate.

NATIONAL provides a complete line of accounting machines to meet the needs of every department of every bank, large or small. They're all described in an illustrated 64-page booklet, which your local National representative will be happy to give you on request.

**National**  
ACCOUNTING MACHINES  
CASH REGISTERS • ADDING MACHINES

THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO

June 1949



## CANADA

### **Rich in resources Richer in opportunity?**

Ten million dollars a day flow in trade between the U.S. and Canada. Are you taking your proper part, getting your full share of that business?

You can—for Canada's markets and resources are growing—and through the 540 offices of The Canadian Bank of Commerce, you can obtain information, assistance and banking services that cover the Dominion.

Write us of your particular needs—we'll be glad to supply the details of how Canada can fill them.

*These facilities are at the disposal of American banks  
in behalf of their customers.*

## THE CANADIAN BANK OF COMMERCE

**Head Office: Toronto**

**540 Branches Across Canada**

NEW YORK SEATTLE PORTLAND, ORE. SAN FRANCISCO LOS ANGELES

## NO BUSINESS SLUMP IN SIGHT!

**The kind of a "slump" we mean is the slouch  
too many executives slip into at their desks.**



No. X133RL

This Sikes customized chair gives positive yet flexible support, adjustable to each individual build. It prevents the cumulative fatigue that results when muscles perform unnecessary work trying to hold you in position in the ordinary type of desk chair. No. X133RL has the exclusive patented Sikes "Fixed Floating" Seat.

There are various attractive styles and finishes to match any office setting, as well as guest chairs to harmonize. The same fatigue-saving features are also available in many chairs for the office staff.

The nearest Sikes dealer will be glad to demonstrate. Send for name and address.



No. 134



**THE SIKES COMPANY  
INC.**

24 Churchill St., Buffalo 7, N. Y.

(CONTINUED FROM PAGE 18)

larly interested in this plan, which might result eventually in a quite large circuit of similar events on the North American Continent.

### **June Is Election Month**

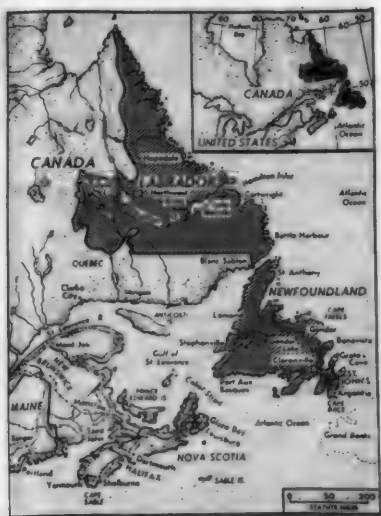
Elections will take place in June, the first for the provincial legislature of British Columbia and on the 27th of that month for the Dominion Government. The Liberal administration, though still having a year's political lease under the country's electoral terms, decided late in April to hold a national election, sensing, it is believed, that its position would be stronger in the near future than at a later time. It is appealing to the country on the basis of its economic record and the last budget which, as already explained in the preceding issue of **BANKING**, provided for quite sweeping personal income tax reductions.

The present economic record of Canada is comparatively good and probably better than it will be five or six months hence. Industrial production has recently turned upward after a midwinter decline and is now slightly ahead of that of a year ago. Domestic trade in most sections of the country has been quite satisfactory, owing partly to large disbursements by the Dominion Government in refundable tax payments and in wheat profits realized on trading at prices above the minimum levels fixed for the growers. Export trade, however, has continued to show a declining trend, except in the direction of the United States. The new crop outlook in the big western grain

In a brief State Department Ceremony Canada's Ambassador Hume Wrong, right, presented Secretary of State Dean Acheson, left, his country's "Instrument of Ratification," making Canada the first country to ratify the North Atlantic Pact



**HARRIS & EATON  
BANKING**



Newfoundland—Canada's newest dominion  
—as it appears on the map

belt is so poor as to introduce another highly uncertain factor in the general situation; the dry autumn last year left the land with subsoil moisture reserves well below normal, while very little spring rain fell up to mid-May.

The chief opposition to the Liberal Party's claims will come from the Progressive Conservatives, who have been so active in and out of Parliament during the past few months as to put the Socialist group almost in the shade. Both the major parties, Liberals and Progressive Conservatives, are led by former lawyers with excellent public service records. Mr. St Laurent, the leader of the Liberals, is a much older man than his chief opponent, Colonel George Drew, but he is active and exceptionally able. Colonel Drew has made a splendid impression straight across the country in the short time since he gave up the leadership of the Ontario Progressive Conservative administration to move into the Party's national sphere. Both of these leaders not only have good personal qualifications, but also capable associates and either could form a good administration. Mr. Coldwell, who heads the Socialist Party, is also well respected but his group does not appear to be as strong as in the last general election, except in some industrial centers in Ontario where it has had the support of one of the two big unions, the Canadian CIO organization.

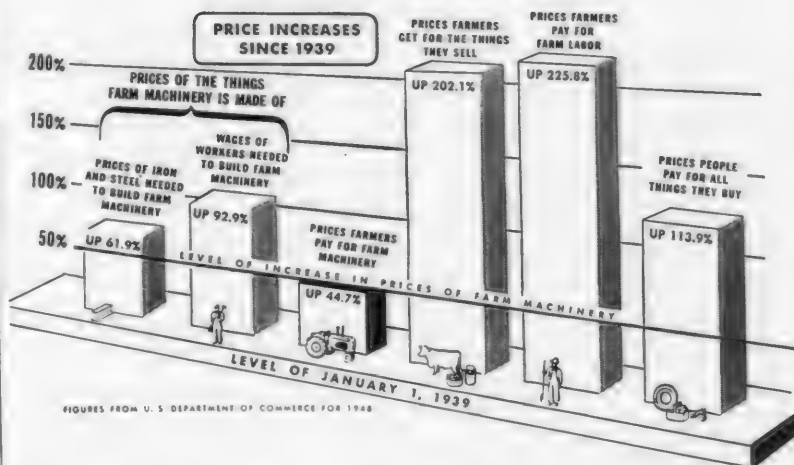
*Home—the place most persons have to leave in order to appreciate it.*

A great many public speakers have a terminological blind spot.

June 1949

# Some Dollars Go Farther than Others..

## Farm Machinery Dollars Go Farthest of All



FIGURES FROM U. S. DEPARTMENT OF COMMERCE FOR 1948

**T**his picture of farm prices shows that the dollars the farmer invests in farm machinery today go farther than the dollars he spends for other things.

In spite of steel prices that climbed over 60% and factory wages that increased over 90%, the price of farm machinery was held down to about 44% over the 1939 level.

In the meantime, farm labor costs stepped up over 200%.

From the chart, it is easy to see that the prices of other things are high. They would have to take quite a tumble to make them as good a buy as the labor-saving farm machinery the farmer finds on his Massey-Harris Dealer's floor today.

As a banker, you have a big part to play in the success of the farmers in your community. They look to you for the financial advice and help they need. By helping farmers meet their need for modern farm machinery, you enable them to cut labor costs, to produce more . . . to operate their farms more efficiently, to increase their margins of profit.

Get acquainted with the Massey-Harris Dealer in your community. Ask him for a copy of the Buyers' Guide that describes in detail the many Massey-Harris tools that make possible an easier, better, more prosperous farm life. Or, write for a copy direct. The Massey-Harris Company, Racine, Wisconsin. Dept. F-170.

# Make it a Massey-Harris



# "Father of the Bride"

NEXT time you walk past the brown-stone building on the corner of 44th Street and Fifth Avenue that houses New York's old Fifth Avenue Bank (now The Bank of New York and Fifth Avenue Bank) glance at the middle window of the ground floor. If the curtains aren't drawn—they won't be unless the sun is too bright—the dim figure you'll see through the ground glass is banking's contribution to lively reading, Edward Streeter.

Mr. Streeter has been a banker for 28 years, an author even longer. For every person who knows him as a bank vice-president there are hundreds to whom his name recalls *Dere Mable, That's Me All Over Mable, Same Old Bill* (World War I), *Daily Except Sunday* (1938) and the recently published *Father of the Bride*.

This pleasant, gray-haired, tailored-looking man with the glasses will tell you that he's a professional banker and an amateur writer—but don't be fooled by the latter half of his self-appraisal. *Dere Mable*, the letters of a doughboy to the girl friend, sold 600,000 copies. Its two sequels fell short of that popularity, but the total of the three war books was close to the million mark. Almost 20 years later, *Daily Except Sunday*, a commentary on one of the author's pet frustrations, commuting, again brought Streeter into the best seller lists; and his latest book is off to what you might call a fair start as a Book-of-the-Month Club selection and a feature picture scheduled for early in 1950.

Well, if that adds up to amateurism, how many professional authors would gladly swap royalties with this banker who writes best sellers in his spare time?

For five days a week Ed Streeter works at being head of the banking department at the Fifth Avenue office. About three years ago he found himself with an additional job: his daughter Claire announced her engagement, which meant that the father of *Mable* was now to be the father of a bride. The news caused the usual amount of family excitement; it also led to some paternal reflection which, in the case of a writer—even an amateur writer—often precedes literary activity.

There were family conferences. It started out, like all weddings, to be a simple affair—just a few friends and relatives. However, as the conferences multiplied, so did the trimmings—bridesmaids, caterers, flowers, guest lists, and all the other paraphernalia that attend a properly presented five-minute appearance before a representative of the clergy.

Then Ed Streeter, whose nose for copy seems no less sensitive than his appreciation of a good lending risk, came to the inevitable conclusion. Here he was in the midst of arrangements for a minor pageant. He knew, or was fast learning, the vast responsibilities of a bride's father. Surely information acquired as hard as this should be passed along to others.

And that's how this book started.

Streeter had a session with his old

friend and associate of *Harvard Lampoon* days, Gluyas Williams, who said he'd like nothing better than to do the drawings. Williams had illustrated *Daily Except Sunday*, so it was a tried combination.

Weeks before the wedding took place Ed Streeter went to work. He writes in longhand, slowly, with much revision. During the following months *Father of the Bride* took shape evenings, weekends, on commuting trains, and at other odd moments between 5 P.M. and 9 A.M., on stray bits of paper and the backs of envelopes.

The book's hero is Stanley Banks, a well-meaning but somewhat confused gentleman of middle age and income. His first-born daughter, Kay, is marrying a character named Buckley Dunstan and, in the course of the make-ready,

(CONTINUED ON PAGE 24)

After the reception: "The more prominent citizens of Fairview Manor locked bumpers and cursed"



The text in this article which is quoted from the book is from *Father of the Bride*, copyright 1948, 1949 by Ed Streeter and Gluyas Williams. Simon & Schuster New York, 244 pp., \$2.50.

# SPECIALIZATION DEVELOPS SUPERIORITY



You *could* check the time of a mile-run with almost *any* kind of watch — but a stop watch gets better results.

Likewise, there are many sources of insurance for Consumer Credit, but more than 2,000 institutions have found that they get better results by working with Old Republic, which specializes in Consumer Credit Insurance.

From coast to coast and border to border, including D. C. and

Hawaii, Old Republic serves banks, savings and loan associations, finance companies and small-loan companies.

If you extend consumer credit in any form, you'll find important advantages in our specialized forms of coverage. On request, we are always glad to send you specimen policies with complete information.

Old Republic policies include:

**LIFE COVERAGE** — either Monthly-Decreasing or Level-Term Basis.

**ACCIDENT & HEALTH** — which is often combined with Life coverage to make a complete insurance package.

**HOME GUARD INSURANCE** — covering mortgage loans with life protection at low cost.

**TRAVEL-ACCIDENT INSURANCE** — including medical and hospital coverage for private-auto travel.

## OLD REPUBLIC CREDIT LIFE INSURANCE COMPANY

James H. Jarrell, President

Home Office: Chicago, Illinois

Regional Offices: Birmingham, Alabama • Denver, Colorado • Washington, D. C.

# OLD REPUBLIC

SPECIALIZED INSURANCE SERVICE SAFEGUARDING CONSUMER CREDIT

the  
seed  
was  
sown  
in  
Spain...



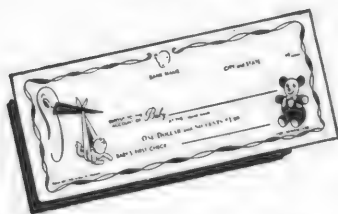
In 1401—91 years before Columbus—a bank was established in Barcelona "for the accommodation of merchants."  
This is said to be forerunner of the modern commercial bank—the bank like Central-Penn whose prime function is to help business do business.

## CENTRAL-PENN NATIONAL BANK OF PHILADELPHIA

MEMBER FEDERAL DEPOSIT  
INSURANCE CORPORATION

## IT'S EASY TO HAVE A BABY

Save Money  
in Your Bank!



Send this handsomely designed "Baby Check" and a congratulatory note to parents of new babies and watch savings accounts grow! Then use our beautiful 2-color "Baby Bank Book" as an additional savings stimulator. (Samples on request.)

If yours is a big bank, the "Baby Check" and bank book will add to your prestige . . . if a smaller bank they'll help you give the leaders real competition!

Available on an exclusive basis. Write for complete details—no obligation.

**Arthur N. Hamelin,**  
INCORPORATED

Dept. B 37 Merwin St. Springfield, Mass.

(CONTINUED FROM PAGE 22)

Mr. Banks gets a liberal education in the preliminaries to father-in-lawhood.

THE wedding, after weeks of preparation, is over, after the manner of all weddings, in the bat of an eyelash. The reception is lived through. The last guest has departed. Mr. and Mrs. Banks find themselves sitting alone amidst the wreckage of their home.

"I suppose," said Mrs. Banks, "we ought to get out the vacuum cleaner and not leave this whole mess for Delilah tomorrow. I'll go up and change my dress."

Mr. Banks followed her upstairs glumly. Like a fog blowing in from the sea, he could feel the first wisps of depression fingering into his soul.

An hour later the last particle of confetti had been transferred to the bulging bag of the machine. They sat once more in the living room gazing with exhausted faces at the banked greens in front of the fireplace.

On the floor near the edge of the rug Mr. Banks spied a few bits of confetti that the cleaner had overlooked. He rose to pick them up. There seemed to

be more just under the edge. He turned back the corner and disclosed a solid mat of multicolored paper.

Without comment he dropped the rug back into place. Mrs. Banks was watching, but said nothing. He went quietly up to the bathroom and drew the cork in the last remaining bottle of champagne. From the spare room he selected two of Kay's new champagne glasses and returned to his wife.

Carefully he filled the two glasses and handed one to Mrs. Banks. Behind the floral background the clock on the mantle struck twelve. The whistle of a train from the city hooted in the distance as it rounded the curve of the Fairview Manor station. A dog was barking somewhere.

"How," said Mr. Banks raising his glass.

"How," said Mrs. Banks.

Stanley Banks is just another middle-aged father-in-law.

WHICH of his books does Ed Streeter like best? Maybe that's not a fair question. *Dere Mable*, possibly, for those illiterate letters from Private Bill to his girl Mable probably gave him the

(CONTINUED ON PAGE 26)

And when it was all over: "He paused and looked over the rail at the confetti-strewn hall"



GLUYAS  
WILLIAMS

# SECURITY-FIRST NATIONAL BANK OF LOS ANGELES

## *BUILDS BUSINESS WITH CHRISTMAS CLUB*



Security-First National Bank of Los Angeles and Christmas Club, a Corporation, agree that a constant, constructive, intelligent public relations program builds business for financial institutions.

"Reawakening the public to the importance of thrift is one of the most valuable contributions bankers can make today," writes George M. Wallace, Chairman of the Board of the Security-First National Bank of Los Angeles.

Christmas Club makes thrift easy and attractive to large numbers of people.

Because Christmas Club is based upon the philosophy that encourages self-reliance, the development of individual initiative and the application of sound principles of thrift, it reaches the minds and hearts of the American people and inspires a de-

sire for cultural and social elevation.

Men of financial vision are quick to see the advantages of Christmas Club, not only as a teacher of thrift to millions of people, but also as a business-builder.

In less than four years, the Security-First National Bank of Los Angeles has built its Christmas Club membership to 84,500 and increased its ratio of Christmas Club to regular savings accounts substantially each year. Such rapid progress is a tribute to alert management and aggressive promotion. It also indicates a wide public acceptance of the original Christmas Club thrift plan.

Through weekly visits to a bank, thrift conscious Christmas Club members become familiar with the bank's functions and they think of it as their financial headquarters—Banks that have Christmas Club are Banks that grow.

# Christmas Club

a corporation • FOUNDED BY HERBERT F. RAWLL

341 MADISON AVENUE, NEW YORK 17, N. Y.

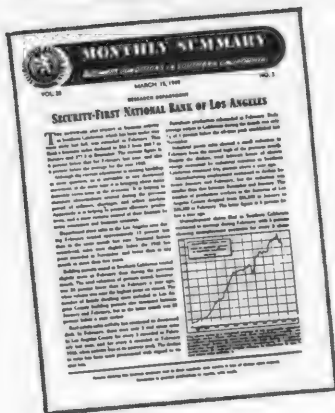
**BUILDS SAVINGS • BUILDS CHARACTER • BUILDS BUSINESS FOR BANKS**

# HOW'S BUSINESS in SOUTHERN CALIFORNIA?

How are department store sales...building permits  
...unemployment claims...bank debits?

You'll find up-to-the-month answers to these and other pertinent questions on Southern California's economy in our Research Department's *Monthly Summary of Business Conditions in Southern California*.

Timely, factual and readable, the *Summary* is already monthly required reading for business leaders from coast to coast and overseas.



**GET THE ANSWERS MONTHLY  
—WITH OUR COMPLIMENTS**

Your copy of the *Summary* will be mailed you monthly if you just send a request (a postcard will do) to C. C. Jamison, Research Department, Security-First National Bank, Sixth & Spring Streets, Los Angeles 14, Calif. No obligation, naturally. Our Researchers will welcome the chance to prove that for business research—as for every banking service—it's wise to Think First of Security-First.

## SECURITY-FIRST NATIONAL BANK

OF LOS ANGELES

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Ed Streeter

PAGE 2005.

(CONTINUED FROM PAGE 24)  
greatest thrill of his life. They originally appeared in *The Gas Attack*, the 27th Division paper published at Camp Wadsworth back in 1917. While on leave to New York he left the accumulated manuscripts with the publishing house of Frederick A. Stokes and Company. The book was published on the day Streeter sailed for France.

Four months later, in a shell-torn town near Verdun, a cablegram caught up with Lieutenant Streeter. Two hundred thousand copies of *Dere Mable* had been sold, and it was going off the counters at the rate of 5,000 a day. The news came nearer to finishing him than any bullet.

Which of his books does Ed Streeter's family like best? That's easy.

"None," he says. "They've never read 'em!"

JOHN L. COOLEY

Where people talk but say nothing, it's a pantomime. Or it's a cocktail party.

The over-careful person seldom makes mistakes—or progress.

A pedestrian is a person who walks three miles to where his car is parked.

In the old days the world revolved on its axis. Now it revolves on our taxes.

Trifles make perfection and perfection is often wasted on trifles.

Our heart goes out to the fellow who has nothing to say and keeps his mouth shut.

BANKING

Along  
the Streams  
of Commerce

Around  
the World



... you will find the Chase network of branches and  
correspondent banks.

Through this organization, the Chase can provide both up-to-the-minute  
information and the technical know-how of long experience in foreign trade:

*You are invited to send for our folder  
"Import and Exchange Regulations of the Principal Countries of the World."*

*Banks can broaden  
their Service to  
customers by using  
Chase facilities*

## THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

HEAD OFFICE: Pine Street corner of Nassau

Member Federal Deposit Insurance Corporation

### OVERSEAS BRANCHES

London • Frankfurt/Main • Heidelberg • Stuttgart • Tokyo • Osaka • Havana • San Juan • Panama • Colon • Cristobal • Balboa

Offices of Representatives: Mexico, D. F. • Buenos Aires • Rome • Cairo • Bombay

THE CHASE BANK: Paris • Shanghai • Hong Kong • Tientsin

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# First A.B.A. School Film

## Tells How to Write Checks

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At the recent A.B.A. Spring Meeting at French Lick Springs, Indiana, the first showing was held of the new A.B.A. school film entitled *Pay to the Order of* ——. This is the first in a series of banking films that will be prepared and issued by the Association's Public Relations Council. The films are designed solely for classroom curriculum use, in the 9th, 10th, 11th, and 12th grades. Material in this series of films will be closely attuned to the educational and experience levels of boys and girls in high school classes.

This first film is 11½ minutes long and has been produced in 16 mm. form with fully synchronized sound. In other words, it is not the type of film with an off-screen voice, but rather has live talk and live action throughout.

In producing this film and others that will follow in the series, the Public Relations Council has been guided by suggestions and recommendations of the National Education Association, Washington, D. C., and Dr. Harold Clark, Professor of Education, Teachers College, Columbia University, New York.

### Manuals for Teachers

Each film in the series will be accompanied by a teacher's manual. The films are designed only for use in connection with this manual and will be most effective when used in the classroom with a brief orientation by the teacher preceding the film, and a discussion period with actual examples being worked out in the classroom following the showing of the film.

As everyone who has watched a television show knows, the impact of sight plus sound in the form of a demonstration is highly effective. These A.B.A. films, used widely in the nation's high school classrooms, cannot help but prove very effective in conveying banking information to the boys and girls who in a few short years will be bank customers and community leaders.

The distribution plan being suggested by the A.B.A. Public Relations Council  
(CONTINUED ON PAGE 30)



William Rodgers sees his dad pay bills by check and wonders why. His curiosity leads to a complete explanation of the use of bank checks

On location, as a corner of the banker's office is made ready for one of the scenes





## New Booklet Tells How Banks *Save* Accounting Costs



**R**EMINGTON RAND has just published a new booklet for modern banks and bankers. It's entitled "How the Printing Calculator Speeds and Simplifies Figure Work for Financial Institutions." It points out in concise, graphic form

how *printed proof* and 10-key touch control make the solution of your most complex figure work simple, quick and accurate.

Actual tapes in the booklet show typical bank applications, and step by step explanations point out in detail the benefits derived from "the calculator that prints."

There's profit for you in this new booklet. Write today for your free copy to Remington Rand Inc., Dept. BA-6, 315 Fourth Avenue, New York 10, N. Y.



Only the Printing Calculator automatically divides, multiplies, adds, lists and subtracts, and prints the proof on the tape.

the new *Remington Rand* automatic Printing Calculator



## THE IMPORTANT BALANCE SHEET FOOT-NOTE:

"Our 'Replacement Reserve' established by American Appraisal Service shows that plant values exceed book values by \$....."

**The AMERICAN  
APPRAISAL  
Company**

Over Fifty Years of Service  
OFFICES IN PRINCIPAL CITIES



### DEPOSIT-BY-MAIL

Simplified banking by mail. Time-saving convenience for customers...for you. Handle in slack periods, reduce errors. Deposit slip bears post mark... exclusive patented flap protects contents.

In desired papers and colors. Write for samples and prices.



In the concluding sequence, John Sterling, the banker, himself the father of a teen-age girl, is "touched" by her for a check to buy a new dress

(CONTINUED FROM PAGE 28)

for this first film and others to follow is outright purchase of prints by local banks, preferably acting together. The cost of a print is \$50, which includes a complete film in a metal canister, which in turn is inserted in a fiber shipping carton and delivered postpaid. For an additional \$10, banks can have a leader placed at the beginning of the film on which credit will be given by name to the banks or group donating the film to the local school. The Council suggests that the print be actually given outright to the local school where the school is

large enough to show it half a dozen or more times a year. Where there are several small schools in the area, however, the local banks might decide to retain possession of the print and lend it to individual schools when requested.

Complete information about this first film and others to follow in the program will be sent to member banks by mail in the near future. Orders are being taken now for delivery of prints of the film *Pay to the Order of*—shortly before school sessions start this coming fall. This will be a very desirable time for banks to present the first print to their local schools.

## By the Way—

There are two sides to every argument up to the time a man is married.

*To balance the Federal budget the President has to be a mathematician.*

There is no co-educational institution like marriage.

*There are some persons who monotonize the conversation.*

There is no burden lighter than the other fellow's trouble.

*Early to bed and early to rise and you'll have the good luck to miss all the bridge parties.*

When children act like their parents,

it's sometimes hard to teach them good manners.

*He was the kind of a fellow who took criticism like a man. He blamed it on somebody else.*

No man really leads a married life. He follows.

A cookbook and a bank book are very helpful in the course in marriage.

*There undoubtedly are times when a yes-man has to hold his no's.*

Sometimes a woman declines a marriage proposal, and both live happily ever after.

another  
major project by

Bank Building & Equipment Corp.

OF AMERICA

**Pride of the Panhandle!**

First National Bank of Amarillo  
Amarillo, Texas

Capital Funds: \$2,000,000.00  
Resources: \$35,100,000.00

V. P. Patterson, President  
W. D. Smiley, Vice President  
Chas. A. Fisk, Vice President  
W. H. Duhon Jr., Vice President  
H. G. Lawrence, Cashier

## This 10 story office building including new quarters for the First National Bank of Amarillo!

When our architects planned this new structure they did more than design a building... they created an important new landmark for Amarillo! For the First National's new bank will be located in one of the tallest, most modern buildings in that city! Its streamlined banking quarters will feature the most advanced functional arrangements and equipment. Our construction staff is currently building this imposing edifice. Since the end of the war in Europe we've handled new quarters projects for almost 500 banks... large and small, coast to coast. Bankers in Amarillo, and all over the country, have recognized our ability to design superior banking quarters. Let us help you with yours!

are you planning new quarters?  
let us help you!

We specialize in banking quarters! Write today—get the facts on our organization of bank planners, designers, equippers, and builders. If you prefer, we will send one of our experienced bank building Analysts to discuss your problems with you!

Bank Building and  
Equipment Corporation

OF AMERICA

Headquarters: NINTH & LIDDER STREETS - ST. LOUIS 4, MO.

Branches: NEW YORK, CHICAGO, AND BOSTON - SAN FRANCISCO, LOS ANGELES

AMERICA'S MOST EXPERIENCED BANK ANALYSTS • DESIGNERS • BUILDERS • EQUIPPERS

June 1949

31

**"...just drive straight ahead  
for 37,681 miles"**



THESE beautiful, wide, straight, smooth roads you've been wishing for, are really on their way. The magnificent plan of interstate highways, greatest road program in U. S. history, is already taking form at the rate of 700 million dollars worth of construction per year.

37,681 miles of swell driving... direct travel from any part of the country to any other part... routes north and south, east and west, and diagonal routes as well... big highways directly serving practically all cities of 50,000 population or more...

This is part of the better America that our generation is building. It's taking plenty of brains. Plenty of manpower. Lots of cement. And lots of steel.

And this is just one of the many places where steel is being used today to make life better for all of us.

United States Steel has been working at capacity to supply steel of the right quality and in the greatest possible quantity, to help build a better America. Not only for those super-highways—but also for housing, for automobiles, for railroad equipment, for bridges and tunnels, for national defense—and for your home.

Never before has there been so much constructive need for steel. Nothing can take its place. Out of United States Steel's laboratories have come better, stronger steels to meet today's exacting demands. In United States Steel plants, production has been breaking all peace-time records. And United States Steel's 900 million dollar plant improvement and expansion program, now nearing completion, will provide still more steel to help build a better America.

*This label is your guide to quality Steel.*

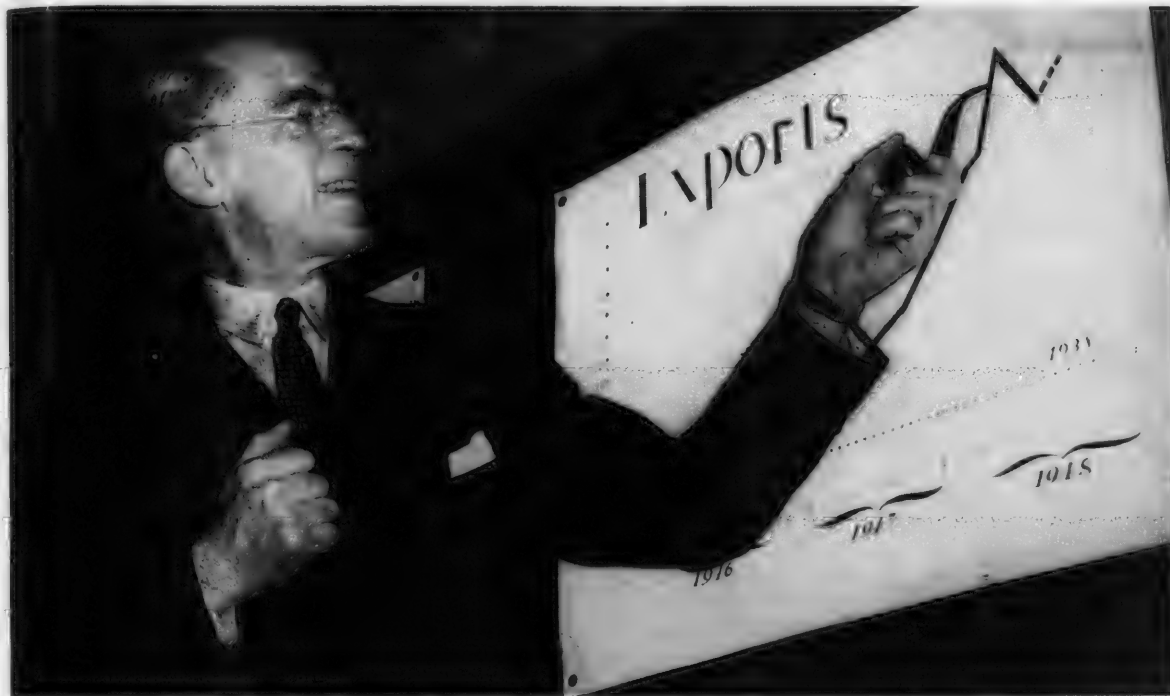
UNITED STATES STEEL CORPORATION SUBSIDIARIES

**UNITED STATES STEEL**



*Helping to Build a Better America*





Chancellor of the Exchequer Sir Stafford Cripps has become symbolic of British "austerity" and economic control

## Are We Coddling Socialism Abroad, Too?

FRED I. KENT

Mr. KENT, a director of the Bankers Trust Company of New York and long prominent in banking, had extensive experience in handling the problems of financial reconstruction after World War I. He served, at various times, as financial adviser to the American Ambassador to Great Britain, as deputy governor of the New York Federal Reserve Bank for organizing an international exchange control, as director of the Federal Reserve Board's Division of Foreign Exchanges, as financial adviser to the director of sales of the War Department, and as organizer of a plan that saved the Austrian people from starvation. He was also on the Organization Committee of the Reparation Commission and was a member of the Commission's Finance Committee. Other services included conferences in Europe that eased Franco-German difficulties and laid the foundation for the Dawes Plan of reparations.

THE purpose of the Marshall Plan or Economic Cooperation Administration is beyond reproach. Nevertheless, this huge project is not beyond question as to advisability. There is a grave question as to whether the beneficiaries of the ECA can recover as going nations as quickly and effectively under such a system of huge gifts as they could under a program that required greater effort on their part

and a program that penalized socialistic practices such as nationalization.

It is very doubtful whether we are doing the British a favor or whether we are creating a situation which will make it more difficult for them for years to come by giving them huge funds that enable a socialistic government to lead the people to feel that its methods are bringing the British nation out from under the burdens left by the war.

In speaking of socialization abroad, we are not unmindful of certain socialistic trends in this country. However, the people of the United States have not yet had, and it is hoped they never will have, a sufficient taste of nationalization of industry to appreciate what it means. They do not know that nationalization carried on within even a few industries necessitates government spending and regulation which reach deeply into the individual lives of the people and prevent them from exercising normal rights of human beings and individual intelligence. These are necessary if people are to obtain the highest degree of betterment in living.

The bureaucracies which carry on nationalization find, as they proceed in their work, that they are obliged to control a vast series of activities which spread through

## Haven of Health

"But if I were a foreigner visiting this country," said Alice, "and I knew that I wasn't expected to pay any contributions to the Health Service, it would never cross my mind that I was entitled to free treatment under it."

"Ah! but you have such a narrow and unimaginative mind," explained the Red Queen. "Nothing except the immediately obvious ever makes any impression on it at all."

"And why an official leaflet explaining that visitors are entitled to benefits without contributions?" said Alice.

"Why not?" countered the Red Queen. "We have guide-books explaining the historical sites and buildings that are available to visitors so that they may appreciate all the glories of our past. Why not a leaflet explaining the administrative glories of the present and inviting visitors to share in them? But I expect you are one of those tiresome people who have grudging visions of thousands of visitors leaving this country with free wigs, false teeth, and spectacles, and minus an appendix that has been whisked out free of charge."

"No, I'm not," said Alice. "I'm just puzzled on a point of principle; I should

no more have expected outsiders on a visit to this country to come under our Health Service than I should have expected them to be liable for our income tax if they weren't working here. It seems so surprising and unnecessary."

"Haven't you seen what Mr. Blenkinsop said?" demanded the Red Queen. "The free health service given to foreigners created a sense of friendship towards this country."

"Well, I hope it does," said Alice. "And I hope it won't lead some of them to shake their heads once more over the inexplicable behaviour of 'the mad English'."

## DENTIST ACTED WITHOUT PERMIT

### WHITEHALL DELAYS

From Our Own Correspondent  
BRIGHTON, Sunday.

A country dentist near here has defied the Ministry of Health and the Dental Estimates Board by giving special treatment to an ex-Serviceman without their consent. He did so, with the patient's approval, after waiting more than two months for a reply from the Ministry.

He has still not heard from the Dental Board and the patient, Mr. Maxwell Crofts, an agricultural

worker, has sent a letter of protest to West Sussex Executive Health Council. Mr. Crofts, who first consulted the dentist seven months ago, said to-day: "Last September he told me I needed special treatment for my gums."

"In November a Ministry of Health dentist who examined my teeth said the special treatment was unnecessary. In February I was examined again, and I understood that the official dentist agreed with my dentist's original suggestion."

The dentist said: "I was forced to break the regulations so as to save Mr. Crofts's teeth. I am still waiting official approval from the Dental Board."

Above, a clipping from *The Manchester Guardian*, one of Britain's outstanding newspapers. The one at the left is from the *London Daily Telegraph* and the one below from the *London Times*. The British health program, a first cousin of which is proposed for this country, has been one of the most controversial items of the Government's program—and one of the best sources of humorous jibes of the Opposition

the whole economy. Just a few instances in the British situation show this conclusively. For instance, the farmers in Britain have been prohibited from picking or selling small green onions. Then the bureaucracy felt that it must explain what it meant by small, and this is the regulation that resulted: "Diameter shall be construed as meaning the maximum diameter of the bulb measured at right angles to the axis through the bulb and shoot." The onion must be  $1\frac{3}{4}$ " in diameter and if a smaller one is sold, the farmer is liable to fine or imprisonment.

The Board of Trade produced an edict that metal discs be attached to the horns of pedigreed Angus bulls being exported. Later the order was amended; it required instead that the horns be branded. Then it was revoked . . . the board discovered that Angus bulls have no horns.

A carpenter at Bath gave up his job and applied to the Labor Exchange for other employment. He was told to go back to the job he had left or he would have to go to prison for three months or pay a fine of £100. The Ministry of Food tells the British people what to eat for breakfast, lunch, and dinner through its rationing. A man in Jarro laid a garden pavement without a license. He was acquitted, however, of crime because he explained that a government official had told him "no license was needed if the cement was applied, not by trowel, but through a watering can."

The Ministry of Health controls the repairing of homes. Not more than \$60 annually can be spent for repairs to a home. Any additional expenditure requires a special permit, which takes weeks or even months to obtain.

The Ministry of Fuel determines who may drive an automobile and where they can go. The Ministry of Agriculture has the last word on who can kill a pig and when.

A farmer may be taken off his own land if the results of his labor do not please the bureaucrat who inspects it. A

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**RESPIRATORS.**—The question of respirators is one of those receiving consideration in connexion with preparations for civil defence, but I do not at present wish to alter the advice which has been given to the public in the past to keep their respirators in proper care. (Home Secretary.)

**SPECTACLES.**—It is estimated that from the inception of the National Health Service up to March 31 about 5,620,000 sight tests had been made, but it is not known how many of these were examinations for the first time. The number of outstanding orders for spectacles is not known, the average delay in supply is estimated to be a little over four months. (Minister of Health.)

**NEWSPRINT.**—I understand that the board of the Newsprint Company will be making a recommendation shortly on the allocation of newsprint to those papers which have changed their selling price since January 1, 1947. (President, Board of Trade.)

## IRELAND BILL NEXT WEEK

short time ago there were some 25,000 rules and regulations that the British people were obliged to follow, but this total has undoubtedly increased largely since.

On July 1, 1948, a socialized medical service was established by the British Socialist Government with the statement that medical service for all "would be free." During the first eight months of its operation, the cost exceeded the original estimate by \$234-million, but it was not "free," as the Exchequer collected the sum from the British through taxes and all had to pay directly or indirectly. Under the arrangement the services include medical doctors and dentists, hospital treatment, maternity and child welfare, home nursing, spectacles, dentures, deaf aids, artificial legs, and drugs, and medicines. Those who are bald, if men, are given wigs and if women, "transformations." As things have developed under this system, there are not enough doctors,

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Foreign Secretary Bevin, above, was formerly a union leader



PHOTOS FROM WIDE WORLD

Above, Prime Minister Attlee emerging from No. 10 Downing Street, his official residence. Left, Minister of Health Bevan, shown on an inspection tour of a housing exposition. The wigs mentioned by Mr. Kent in his article are Mr. Bevan's responsibility

bors of some of the patients. The doctors feel that the State, in thus acting, is causing them to break the Hippocratic oath which they take upon getting their degrees as doctors.

In large areas each practitioner is allotted 4,000 patients, but in the small areas the "clientele" may run as low as 2,500. Inevitably, under such conditions, the time of doctors must be taken up by those with unimportant disabilities to such an extent that doctors cannot be available for all emergency cases. The whole thing has become a totalitarian sort of development and, unless it can be stopped in some way, it is going to require secret police to take care of the situation, particularly as malingering has already set in, and hypochondriacs are legion.

At present a big fight is being made by the government to nationalize the steel industry. Should this occur, owners of the steel organizations stand to lose a very large part of their investments through the activities of the government, which, in effect, is rigging the market for steel shares. This is done by depressing them first through the threat of nationalization, then by demanding that dividends be cut, and further by ignoring the pledge made by the government that new capital could be put into the steel business. This has operated to prevent proper rehabilitation.

If the steel business is nationalized, the owners will receive securities of the British Government at the market, when the government takes over on a compulsory basis, that will unquestionably be greatly below real value.

It is truly amazing what a government is willing to do to its citizens, while at the same time making regulations to

(CONTINUED ON PAGE 124)

enough nurses, enough hospitals, enough dentures, enough clinics, and there are not enough wigs. It is also understood that wigs can be refurbished once a year at a cost of \$10.

The status of a doctor as a confidential agent of the patient was to be maintained, so the government said, but under the rules and regulations all privacy has been eliminated, even though the Ministry of Health, in one of its leaflets, made the following statement: "Your dealings with your doctor will remain as they are now, personal and confidential." However, in one of the statutory instruments under "terms of service" the practitioner has "to keep records of the illnesses of his public patients and all his treatments of them in such form as the Minister may from time to time determine and to forward such records to the local Executive Council." This council is made up of lay persons who are, of course, the neighbors and possibly the next-door neigh-

# Television? Yes, BUT . . .

JOHN B. MACK, JR.

MR. MACK is a deputy manager of the American Bankers Association, manager of the A.B.A. Advertising Department, and director of the Public Relations Council.

## Banks and Television

**I**S TELEVISION a good advertising medium for banks? Although time alone can provide the final answer to that question, it would be a pretty safe prediction to say that the ultimate answer will be "Yes, but . . ."

## Favorable Factors

Television, by using both sight and sound, delivers messages to the human mind and to the emotions with great impact. "Depth of penetration" is the trade phrase for this special power.

Banks sell intangibles: safety, security, happiness, convenience, peace of mind. Television, by merging eye and ear appeals, and bringing the living images into the home, en-

ables banks to translate the intangible benefits they offer into powerful appeals. It enables banks to *demonstrate* the advantages they offer, to show and describe the automobiles, homes, appliances, and other things that saving or borrowing can help a person attain, to illustrate the dangers of paying with cash, the ease of banking by mail, the safety provided by a safe deposit box.

Television does not ask the viewer to think or to visualize; it does these things for him.

Another fact about television that is of special interest to banks is that it has a local radius of about 40 miles. Television waves do not bend with the curve of the earth, with the result that they are effective only as far as the horizon. This means that local rates are based on "horizon-wide" reception. And generally speaking, the horizon is the far boundary of most banks' service area. So television, like the newspaper, is a local medium serving the area of the local bank.

The First National Bank of Boston sponsors a program, *Weather or Not*, in which Dr. James Austin gives a visual explanation of weather forecasting



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In a telecast of the Corn Exchange National Bank & Trust Company, Philadelphia, Roy Neal and Lois Brewster interview James Chambers on the subject of coin sorters

### Some Road Blocks

Three major problems facing banks in the use of television are: (1) cost, (2) programs, (3) availability.

Costs of television transmission are high. It follows that advertising rates are also high. The National Association of Broadcasters estimates an average minimum cost of \$380,000 to install a metropolitan station, and \$85,000 for a community station. It costs from five to seven times as much to operate a television station as a standard broadcasting station. Rates for television time can range from several hundred dollars an hour on a very small station, to \$2,000 for an hour of Class A evening time and studio use on a large New York City station. Spot time for one-minute telecasts on Class A time may run as low as \$40 in the smallest area, to \$250 in New York. Frequency discounts reduce these rates. NBC has estimated that television time plus programming facilities will run about three and a half times that of standard broadcasting charges.

The development of suitable program material for banks is a major problem. This article tells how present bank users of television are attempting to solve the program problem. Programming for television involves the highest degree of showmanship, coupled with the best in salesmanship. The qualities that make a good banker are not the same as those that make a showman, nor for that matter, a salesman. For

success in the use of video, the banker should work closely with his advertising agent and his television station. Availability to the bank, or lack of it, is, of course, a major limiting factor in the television picture at present. In February of this year there were only 55 television stations in operation, and these were concentrated in 31 market areas. New York, Chicago, Los Angeles, and Philadelphia alone had 19 stations, more than a third of the total. Aside from Albuquerque, N. M., with 22,000 families, Salt Lake City, with 93,000 families, was the smallest area served by television. It is estimated that a hundred stations will be telecasting by the end of 1949, in 70 market areas. For the foreseeable future, however, television will be a big-city proposition and will not be practical for the country's 12,000 country banks.

The increase in set ownership continues at a dizzy pace. Over a million sets were in operation at the beginning of 1949. Manufacturers estimate that 3-million sets will be in use by January 1950, and 17-million by 1953. If these figures sound fantastic, bear in mind that every estimate made about television so far, no matter how extreme, has been exceeded by the march of events.

Currently there is a scramble among advertisers to sew up desirable time, particularly in the evening from 7 to 11. Little spot time is available in these periods. Banks considering use of television will do well to look into the time-availability situation without delay.



The telecast of the Marine National Exchange Bank, Milwaukee, entitled *Salute to Industry*, features, in this instance, the work of the Wisconsin Telephone Company

### **Banks Are in the Vanguard**

Regardless of the problems and obstacles in the path of this surging new industry, banks are out in front as pioneers in the use of television. This will surprise many. Banks have been slow to accept and use advertising in general. It is only in the past two decades that newspaper and direct mail advertising has come into general use among banks. Radio was slowly accepted during and after the war, and is currently used by about 2,000 banking institutions. Acceptance of display advertising, outdoor posters, car and bus cards has been even slower in developing. But here in a brand-new medium, television, which has the power to revolutionize the entire advertising business, banks are among the leaders, studying, experimenting, appraising this new force as a means of merchandising bank services and building better public relations.

### **Boston Banks Out in Front**

Among the first banks to use television were the First National Bank and the National Shawmut Bank, of Boston. Both began using this medium in June 1948, when television made its Boston debut over station WBZ-TV.

The National Shawmut uses both Boston stations. It has a comprehensive television schedule which puts the bank on the air every day in the week. The Shawmut Nightly Newsteller, a newsreel produced by International News Service, is transmitted over both stations in the early evening. The bank has obtained the very desirable time of 7:20 to 7:30 Monday through Saturday for this feature on WBZ-TV, just before network time, and 5:50 to 6:00 on Sundays. Also on this station the bank has a moving picture

program each Sunday evening from 6:00 to 7:30, plus a program of six spot announcements per week. On the other station, WNAC-TV, this bank has added a five-minute weather show to its newscast to build a 15-minute program, and thus has obtained the desirable time of 7:45 to 8:00 P.M. five nights weekly. There is also a weathercast at 11:00 P.M., the sign-off hour, sponsored by the Shawmut.

The First National Bank had its first television broadcast an hour and a half after the station first went on the air. During the baseball season a series of films showing baseball stars was used before the week-end games on WBZ-TV, and before each home game in the World Series. Beginning in November 1948, a live TV series was contracted for three days weekly, 10 minutes each, with M.I.T.'s Dr. James Austin in a program entitled *Weather or Not*. In January this was increased to five times weekly, and in February the Wednesday broadcast was expanded to 15 minutes to include personal interviews. This program is a visual explanation of weather forecasting, and goes on at 6:15 P.M.

### **Milwaukee Banks Use TV Effectively**

Two completely different uses of television are being made by The First Wisconsin National Bank and the Marine National Exchange Bank, both of Milwaukee.

During the 1948-49 basketball season, The First Wisconsin National Bank sponsored television broadcasts of 24 basketball games on station WTMJ-TV. Eleven of these were Marquette University home games played at the school gymnasium and at the Milwaukee Auditorium. Among these were games with such colleges as Notre Dame, Wisconsin, Purdue, and Michigan State. Included were 13 Friday night high school games in the Milwaukee area, one

being the championship game in a state tournament, and one a city championship game. This type of program is pure entertainment, but in this area where basketball interest runs very high, a substantial audience was assured for the bank's commercial announcements.

The Marine National Exchange Bank sponsors a weekly half hour *Salute to Industry* program on WTMJ-TV, Wednesday nights from 9:00 to 9:30. Each week a different Wisconsin industry is saluted and television audiences are taken behind the scenes of a plant through motion pictures, photographs and various other visual offerings. There are interviews with employees, and each industry's contribution to the nation and the community is highlighted. One week the Wisconsin Telephone Company was saluted, another week the Miller Brewing Company, another program featured the General Electric X-Ray Corporation, and so on. This unique program is winning countless new friends for business and banking. It is a pattern that banks in other communities can well study for their own use. It has excellent customer relations as well as public relations angles.

### Two New York Banks Have Programs

In the television capital of the world, New York City, two banks have video programs. The Modern Industrial Bank features *American Town Meeting of the Air*, a full hour show that has long been a favorite on standard radio. This is a cooperative-type program, which offers separate sponsorship in each station city. It is broadcast over WJZ-TV. The Bowery Savings Bank, world's largest mutual institution, uses one-minute film spots in daylight time over WNBC, on a present schedule of one a week.

### The Philadelphia Story

In this fourth largest television area, the Corn Exchange

National Bank and Trust Company is making friends and building business with a live half-hour program every Wednesday evening called *Open House*. Televised from 7:00 to 7:30 P.M. over station WPTZ, it consists of extemporaneous personal interviews by Roy Neal, master of ceremonies. George Watts, assistant vice-president of the bank, states that the program has brought more comment and correspondence than any other advertising the bank has used.

The Beneficial Savings Fund Society of Philadelphia uses spots between outstanding programs. The spots tell the value of saving by showing objectives realized by those who have saved. Francis Burns, executive vice-president of this bank said: "When we first started on WPTZ there were less than 20,000 video sets in the Philadelphia area. Now there are more than 125,000 receivers, and we know that each day thousands more Beneficial prospects are hearing and seeing our messages."

### Baltimore Banks Experiment

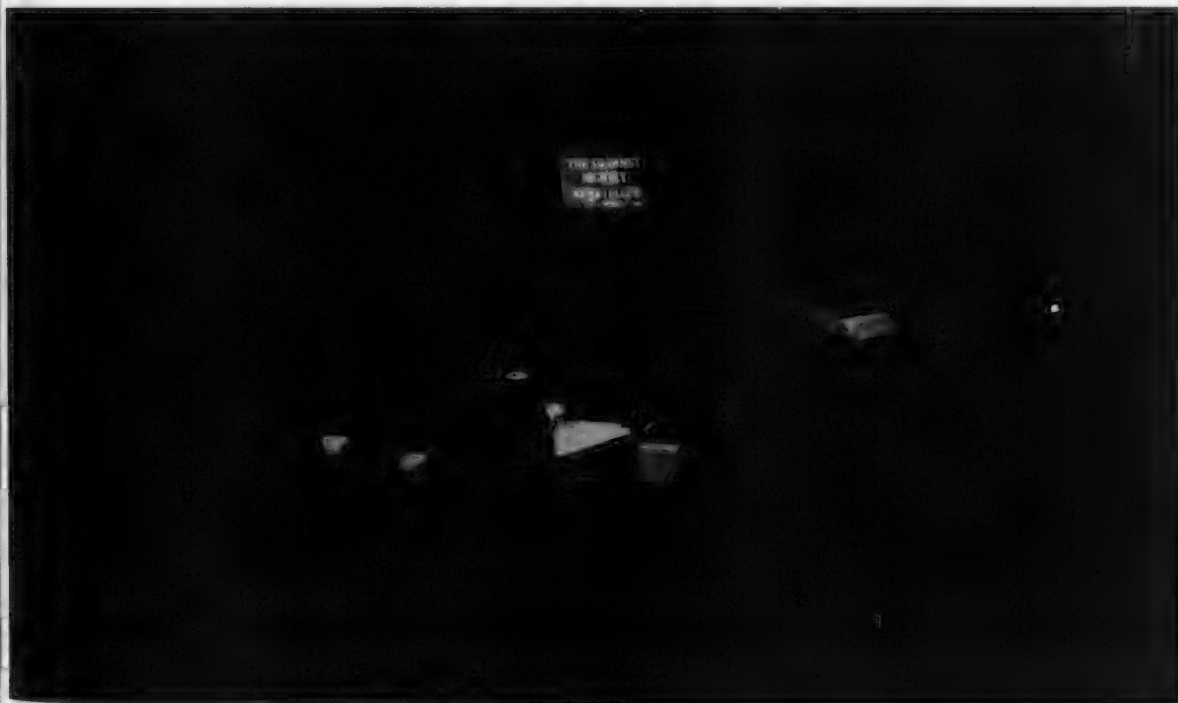
The Equitable Trust Company of Baltimore was the first bank in Baltimore to sponsor a program over television. This program was devoted to the visit of the Freedom Train, showing through film the important documents aboard the train. The pickup point was outside the train as it stood in the Camden yards of the B. & O. Railroad, with interviews with the train officials and with Baltimoreans before and after visiting the displays.

The Fidelity Trust Company has sponsored films of a football game by the U. S. Naval Academy, and the Maryland Horse Show.

### Bank of America Uses Television

In both Los Angeles and San Francisco, the Bank of  
(CONTINUED ON PAGE 112)

Studio personnel at work on the National Shawmut Bank's *Newsletter* telecast



# METHODS *and* IDEAS



For the convenience of commuters—a banking office in a railroad station

## Bringing the Bank to the Customer

**B**ANK facilities in a supermarket and in a railroad station embody the theory that convenience of service is good merchandising.

AMERICAN NATIONAL BANK of Portsmouth, Virginia, set up a two-teller counter in a corner of a new chain market a mile from the bank—and then ran into difficulties. There were objections from neighborhood businesses, a complaint to the Comptroller's Office, and a ruling against the facility. President Frank D. Lawrence immediately took vigorous issue with the national banking authorities, contending that his counter was only for the purpose of cashing checks and receiving deposits, and that it was not a branch, for which, he said, there was no need. He was only trying to make banking easier for shoppers—in other words, to bring it to the public.

At this writing, Mr. Lawrence was still fighting for his idea.

The STAMFORD (Connecticut) TRUST COMPANY has opened a branch in the New Haven Railroad station for the benefit of commuters who can now do their banking (or some of it, at least) on the daily sprint to the morning train for New York.

The bank calls the facility its "commuters' branch." At the counter, facing

the waiting room opposite the ticket windows, patrons can cash checks, deposit funds, or make payments on Christmas Club accounts and mortgage or other instalment loans. The hours are 7 A.M. to noon.

Those attending the formal opening included Connecticut's bank commissioner, Richard Rapport, officials of the

President F. D. Lawrence of the American National Bank, Portsmouth, Va., and the supermarket facility to which the Comptroller's Office said "No"



BANKING

railroad, and Harold E. Rider, president of the bank. Mr. Rapport referred to the branch as "another progressive step taken by a Connecticut bank to make banking more convenient for the public." Extension of branch banking for the service of commuters, he said, was "a reflection of an enlightened public-interest attitude."

### A Sample Bank

A graphic behind-the-scenes demonstration of what makes a modern bank tick was provided for residents of New London, Connecticut, who visited the business exposition sponsored recently by the local Kiwanis Club.

The NEW LONDON CITY NATIONAL BANK's contribution to the show was a model bank which demonstrated, with the aid of sample deposits and checks, the operational details that carry a deposit from the teller's counter to the records and the customer's statement. Mechanical equipment was explained in detail to visitors as they made the rounds of the exhibit.

Small groups of people were escorted through the model bank by CITY NATIONAL officers. First they were taken behind the teller's window where the receiving operation was explained by means of a sample deposit. A teller's machine was demonstrated and the internal operation of this department was briefly outlined.

Next the New Londoners went to a

proof machine, of a type similar to those used by the bank to reconcile deposits and to sort checks, and from there to the photographic equipment and the bookkeeping department. In the latter they saw posting to statement sheets from the deposits and checks originally given to the teller at the outset of the tour. Computation of uncollected funds and the method used in figuring service charges from data posted by the machine were explained.

As the visitors left the exhibit they saw a check imprinter at work.

To stimulate interest, the sight-seers received numbered receipts from the teller's machine and at the close of the exposition several "lucky numbers" were drawn. The holders got deposit credits as prizes.

Public approval of the sample bank idea exceeded expectations, reports the City National. President E. Kenneth Hadden says "the advertising value of this exhibit has been priceless."

"We would be glad," he told BANKING, "to cooperate with other banks interested in following suit, and offer to loan our portable teller's cage to anyone willing to pay transportation."

### An Award-Winning Bank Advertising Program

The program that won for the OLD NATIONAL BANK of Evansville, Indiana, the "best of industry" award made by the Direct Mail Advertising Association

is outlined by Walter H. Bischoff, assistant vice-president of the bank, in a magazine article.

Mr. Bischoff believes that "bank advertising must be business-minded advertising." If it is attractive, interesting, community-minded, and, on occasion indirect, so much the better.

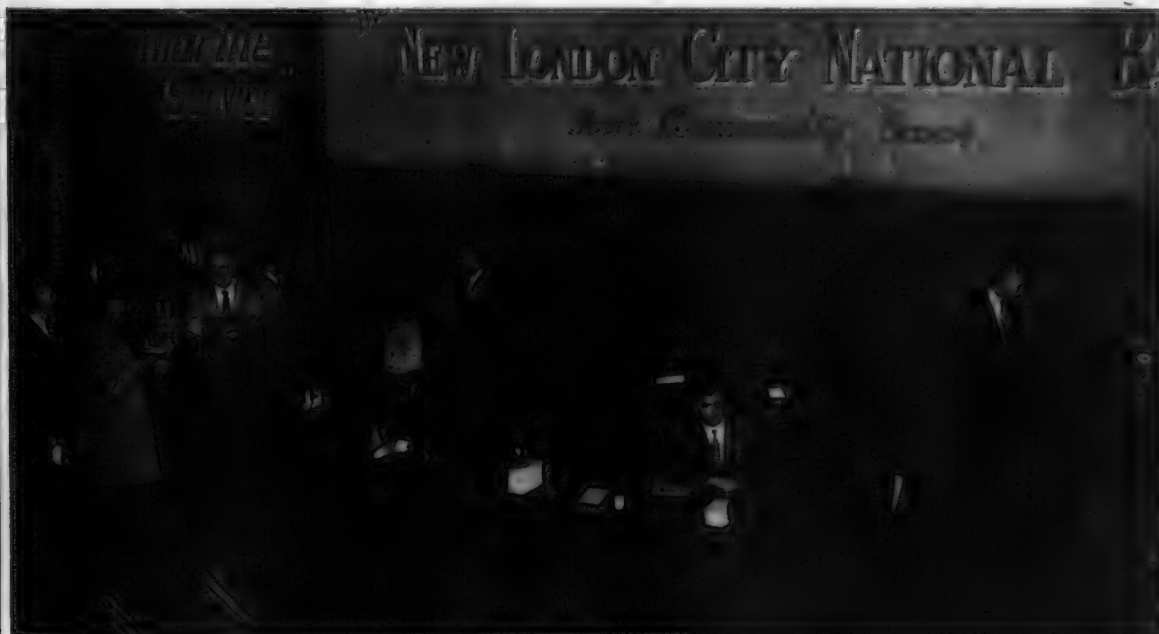
Writing in *Direct Advertising*, he says: "A bank offers its multiple services on the premise that certain aspects of personal and commercial business can best be directed with the assistance of financial specialists," and it is necessary that these services "be proposed in a business manner to business people." The Old National uses "a vigorous, continuing program of direct advertising to extend its institutional story to prospective accounts and to potential markets." Most of the pieces in its program are "lively examples of current graphic design."

Keying its program to "contemporary salesmanship," the bank believes that "only the compelling and distinctive direct advertising piece can hope to deliver its message."

"The Old National Bank," asserts Mr. Bischoff, "elects to be vigorous, unusual, and provocative where its direct advertising is directed in a purely business manner. We strive for a common denominator with the most interesting advertising to reach a business desk. We hope to attract favorable

(CONTINUED ON PAGE 114)

The model bank at the New London business exposition competed successfully for visitors' attention with boats and automobiles





# Washington

LAWRENCE STAFFORD

Senator A. Willis Robertson of Virginia, chairman of a subcommittee of the Senate Banking and Currency Committee which heard testimony last month on a number of highly important—and controversial—measures affecting the nation's banking system

## A Month of Important Hearings

### Making Haste Slowly

Chairman Maybank of the Banking Committee said the committee would "move very cautiously" on the matter of extending the laws on reserve requirements and Regulation W, in view of the evidence presented before the subcommittee by the American Bankers Association and the change in the business situation.

Chairman Robertson of the subcommittee also indicated, when the hearings were concluded, that in his opinion these matters would not be considered until the Administration leadership of the Senate indicated a definite interest in their being taken up and considered, and assigned a definite time for their consideration.

Both Senators Maybank and Robertson, until just before the hearings, were said to lean strongly toward the continuation of these measures, although neither favored subjecting nonmember banks to Federal Reserve System regulation.

*In addition to his regular monthly article, appearing here, Mr. STAFFORD discusses on page 66 the question of how, from the Washington viewpoint, deficit financing might affect the bond market.*

**P**ROPOSALS to enact permanently higher authorized bank reserves, to subject certain nonmember banks to Reserve System requirements, to continue the law permitting restriction of consumer credit—some of banking's most direct concerns with Government—suddenly emerged from the dormant to a most active stage in hearings before a subcommittee of the Senate Banking Committee. Witnesses for the banks of the country testified against both proposals.

These hearings were but the curtain raiser of what may be a frequent and prolonged debate on these and other banking matters either in studies by a proposed monetary commission, before the entire Senate Banking Committee, or in an abbreviated monetary study by the Congressional Joint Committee on the Economic Report. All three projects contemplate a look at the issue of Government regulation and banking.

First of the questions made the sub-

ject of the banking subcommittee hearing was whether the temporary reserve requirement law of last summer should be welded into permanent law.

This power, however, was limited to member banks. The outstanding debate before the subcommittee arose over the second of the three issues before it. This was whether, if those same additional reserves could be called into being, they could be required of all members of the Federal Deposit Insurance Corporation, or for the first time whether the Federal Reserve Board could prescribe reserve requirements for nonmember banks.

The third issue was over whether the Federal Reserve Board's power to regulate the maximum terms of instalment loans should be prolonged two years.

In part the subcommittee was moved to call the hearings because of the impending expiration of the instalment credit and supplemental reserve powers at the end of this month.

In a large part, however, the subcommittee also was moved to act upon the promptings of the Federal Reserve Board. There were pronounced evidences of the Board's anxiety about the prolongation of these temporary powers.



At Senate hearings, *left to right*, Harold V. Amberg, vice-president and general counsel, First National Bank of Chicago; C. Francis Cocks, president, First National Exchange Bank, Roanoke, and chairman of the A.B.A. Committee on Federal Legislation; Robert V. Fleming, president, The Riggs National Bank, Washington, and chairman, A.B.A. Committee on Government Borrowing

One evidence was the unprecedented action of Gov. Thomas B. McCabe, chairman of the Board, in signing away for the time being any effort to persuade Congress to approve the Board's and the President's program for 10 additional percentage points of standby reserve requirements on demand deposits, and 4 points on time deposits. In one form or another, the necessity for authority to immobilize a large volume of bank lending capacity has been a prime objective of the Board for years. The particular 10 and 4 proposal has been specifically a part of the President's program since January and of the Board's for longer than a year.

Another evidence of the Board's anxiety was the almost equally unprecedented commitment by Chairman McCabe that, if granted the 4 and 1½ reserve requirement authority, "we do not plan to use those powers now," Mr. McCabe said.

Other evidences were the Board's four actions of the late winter and early spring twice relaxing the prescribed maximum terms of instalment loans, lowering margin requirements on purchasing and carrying listed stocks, and reducing requirements for supplemental reserves. It was made clear by Board spokesmen before the hearings, if not quite in so many words, that the four-

stage easing of credit conditions was part of a program for convincing Congress that the Board was flexible in its regulation of credit, and did not desire to control credit for the sake of exercising controls.

Congressional thinking on three incidental but important additional questions came to light during the hearings.

Senator A. Willis Robertson of Virginia, subcommittee chairman, questioned Chairman Maple T. Harl of FDIC as to what the Corporation's directors were doing about the assessment rate for deposit insurance. Mr. Harl responded it was being "studied"

(CONTINUED ON PAGE 126)

Further testimony was given at the hearings by, *left to right*, Harry M. Arthur, president, Arthur State Bank, Union, South Carolina, and president, South Carolina Bankers Association; Maple T. Harl, chairman, FDIC; Thomas B. McCabe, chairman, Federal Reserve Board



# The Rising Cost of Credit Control

JOSEPH STAGG LAWRENCE

MR. LAWRENCE, a well known writer and economist, is vice-president of the Empire Trust Company, New York City. He has contributed a number of articles to *BANKING* as well as to other publications and is the author of several books. He has been on the faculties of both Princeton and New York Universities.

**D**URING the 36 years which have passed since the enactment of the Federal Reserve Act a profound change has taken place in the concept of an American central bank and the degree and kind of supervision to which the commercial banks of the country may be subject. In the discussions that preceded passage of the act and in the debates in Congress, four major purposes stand revealed. This country's experience in the early Nineties and particularly during the crisis of 1907 demonstrated the need of a currency that had sufficient elasticity to meet the changing conditions of business boom and depression, of seasonal variations in the demands for money. The provision of such elasticity was probably the major purpose of this important legislation.

In the absence of a central bank and under our dual banking system with varying reserve requirements, varying both as to amount and kind, our banking reserves were scattered. There was no single strategic reserve which could be shifted from place to place as needs developed.

A third objective of the law was to eliminate the wasteful methods of check clearing which prevailed at the time due to the discounts against regional funds which placed a premium on circuitous clearing. Finally, the legislators and bankers of the period recognized the need of a central bank which could facilitate the financing of the Federal Government's own requirements.

## Latter Day Additions

To recite these objectives of the law as originally passed is to indicate the

vast changes which have since occurred in the concepts and practices of central banking in this country. Credit control, economic planning, price stabilization, full employment—these are all latter day additions to the originally sound body of central bank theory. These malign growths spring from the peculiar, present day dogma which dominates the thinking of most executive agencies.

According to the thinking which prevailed four decades ago, the job of a central bank was to protect the basic gold reserves of the country, to manage them in a manner that would provide necessary credit and currency when needed, to set up supervisory techniques which, in conjunction with the Comptroller of the Currency, would promote sound banking practices.

Strongly implicit throughout the hearings, the congressional debates, and the prior studies of the National Monetary Commission was the conviction that the new American central bank would be a powerful force in maintaining an honest currency. This meant a currency freely convertible into gold. The issue of devaluation via 16-to-1 bimetalism had been laid in the campaigns of 1896, 1900, and 1904.

## Watchdog Role

Negatively and positively central bank practice has moved so far from these original concepts as to be scarcely recognizable. Although the Federal Reserve authorities have been extremely articulate in their concern about inflation, they have been eloquently mute about practices which must have caused the numerous alleged fathers of the Federal Reserve System to turn over in their graves.

The first is the repudiation of gold in 1933, the experimental change in its value, and the rigid inconvertibility of the currency which has since prevailed in spite of the fact that we now have more than 70 percent of the world's stock of monetary gold.

The second is the practice of deficit

financing. The gold and deficit policies of the Administration are both contrary to sound credit and currency practice. Both facilitate irresponsible manipulation of the purse by the Fisc. Both relieve the Government of the salutary disciplines which a balanced budget and an honest gold standard provide.

The official guardian of prudent conduct in both fields, the Federal Reserve Board, solemnly designated for this purpose by Congress, has here completely abdicated its responsibility. One finds in the *Federal Reserve Bulletins* of the Thirties, in the official statements of the Board and in the torrent of speeches made by individual governors not a single admonitory reflection upon the course of the Government.

## New Mandates

However, if the official record is lacking in expressions of fealty to the original mandates of the law whose wisdom had been proved by centuries of experience, there is no lack of appeal for new powers and for the strained interpretation of old powers to enable the Federal Reserve System to perform properly those functions which it now conceives to be its primary responsibility.

The Board now believes that it has a mandate to control prices. It subscribes, at least implicitly, to the theory that price fluctuations are due to changes in the credit supply, that the credit supply, therefore, must be subject to its rigorous control. The Board clearly reads the papers and, in spite of disclaimers, is acutely conscious of its political responsibility.

Thus, when the housewife becomes annoyed over the rising price of hamburger and this poses a political problem for the Administration, the FRB is on the spot prepared to raise the reserve requirements of member banks, clamp tight controls on instalment financing, place the stock market on a cash basis, and raise interest rates. The precise connection between these various "rem-

edies" and the cost of halibut may not be clear to the man in the street. Nor is it any clearer to many students and most bankers. As sound therapy, it compares with the application of hair tonic for high blood pressure.

### Loss of Power

In weighing the background of Federal Reserve pressure for added power, it is pertinent to note that this agency regards its authority and influence with the same jealousy as all other Government agencies. Like other arms of the Executive, it fights for greater power, prestige—and funds. The spokesmen for the System feel that the great increase in the public debt and the need for preserving the integrity of Government issues through market support have undermined the credit authority which the Reserve Act originally provided.

This authority rested on two tangible powers and one intangible power. The first was the variation of the discount rate. This has always been one of the classic weapons of a central bank which it uses to govern the volume of credit and in the past to influence the flow of gold between nations. This latter function of the discount rate had become academic in the Thirties and remains so today.

How effective the discount rate set by a Federal Reserve bank may be in controlling the volume of credit available in the community is a moot question. The champions of the discount rate as a controlling credit influence cite the experience of the Bank of England in the latter part of the Nineteenth and the first decade of the Twentieth century.

Whatever may have been the imputed effect of changes in the rate by the Bank of England, no such claim can be made for this country. The progressive discount rates applied in four of the 12 Federal Reserve districts in 1920, rising in one instance to 87½ per cent, and the high rates in the other districts at the time did not prevent the postwar expansion of credit and the

rise in commodity prices. The action of the banks in 1928 and 1929 in raising rates had little discernible effect on the use of credit in the security markets nor did the artificially low rates of the Thirties have any measurable effect on business recovery.

Similarly, the use of open market powers "to make the rate effective" constitutes a weapon of vague, indirect, and remote influence. Buttressing these two instruments of control with varying effectiveness is the great moral influence which the Federal Reserve Board still exercises.

### Qualitative Controls

However, the Reserve authorities claim that the dominant interest of the Treasury in the money market emasculated their statutory credit powers. They are referred to as "quantitative" controls because, presumably, they affect the total quantity of credit. While mourning the loss of this power to the Treasury, the Reserve officials began to develop a case for so-called qualitative controls, a case which was unveiled in the *Annual Report of the Board of Governors of the Federal Reserve System for 1945*.

The essence of this case is that the Reserve authorities should be permitted to regulate the amount of credit that is applied to particular purposes. The control of margin requirements for the purchase of stocks is a qualitative control. So is Regulation W. The concept could be expanded to include investments by banks, which would mean a control of bond portfolios. This was suggested as desirable during the controversy a year ago between an insurance executive and the bankers regarding responsibility for inflation.

(The right to regulate instalment financing expires on June 30 and the question of extension is now under consideration by a subcommittee of the Senate Banking and Currency Committee. The officers of the Federal Reserve Board wish to retain this power, arguing that it has been wisely admin-

(CONTINUED ON PAGE 98)



# Bank Director Gene Tunney!

JOHN L. COOLEY

**F**OR the first time in its life **BANKING** had cornered a heavyweight champion of the world—and in a bank, too! There, in the board room of New York's Industrial Bank of Commerce, was James J. Tunney.

The last time your reporter had seen him was a long-ago July evening at the Polo Grounds. On that occasion Mr. Tunney had an appointment with M. Georges Carpentier, the Orchid Man of France, who learned, the hard way, that this handsome young ex-United States Marine could fight. Mr. Jack Dempsey acquired the same information later.

But on this May afternoon in 1949 Gene Tunney's appointment had a peaceful and somewhat prosaic purpose—an interview. If he seemed quite at home in the Industrial Bank's headquarters, that was natural, for he's often there as a director of the bank. (He's also on the board of the First-Stamford National Bank & Trust Company of Stamford, Connecticut, where he lives.)

Since adding the words "retired undefeated" to his professional title back in 1928, Tunney has become an active, successful businessman and the kind of director every bank covets. Just what is he doing? What are his interests? **BANKING** wanted to know.

We were pleased to have in our corner Wallace D. McLean, chairman of the Industrial's executive committee, and Vice-president Syd J. Hughes. It happens that Gene is just as hard to catch up with these days as he was in the ring, for he's very busy; and you must fit your visit between his trips to Australia, Paris, or other far-away places. But Messrs. McLean and Hughes had succeeded in depositing him, for a couple of hours, in the bank on East 42nd Street, just across from Grand Central Station.

**W**HEN you see Gene Tunney today you're sure that he and Father Time have only been shadow-boxing. At 52 he's well-conditioned—somewhat above the old fighting weight, naturally, but sharp and fine. When he enters the room you feel that a couple of hundred pounds of uranium have arrived; in a jiffy you're sure of it, for the Tunneyan energy starts radiating.

While the photographer was getting ready Gene warmed up by quoting a few lines from Shakespeare; and you remembered the consternation of the sports writers who, 20-odd years ago, found him reading "As You Like It" in his training camp.

Tunney talks fluently, smoothly, and

emphatically. He's full of ideas and opinions on many subjects, and isn't afraid to pass them along. At the moment he was in the midst of a business problem affecting one of his nonbank interests; he talked about it so vigorously before settling down for the conversation that had brought him to the Industrial that you knew it would be much more comfortable to have Gene on your side in an argument.

**A**s an opener, **BANKING** asked: How can a bank director help his bank? The champ picked that one off nimbly.

In the first place, he said, the director can spread, among his friends and business associates who are potential depositors and borrowers, the word that his bank should be their bank, too.

In the second place, the director should take an active interest in the bank's customers, its loans, and other activities. From his experience and connections in the business world he can help the bank's management by checking loan applicants and furnishing information essential to making sound and accurate decisions.

Again, the director can go out and get business for his bank—deposits, for example.

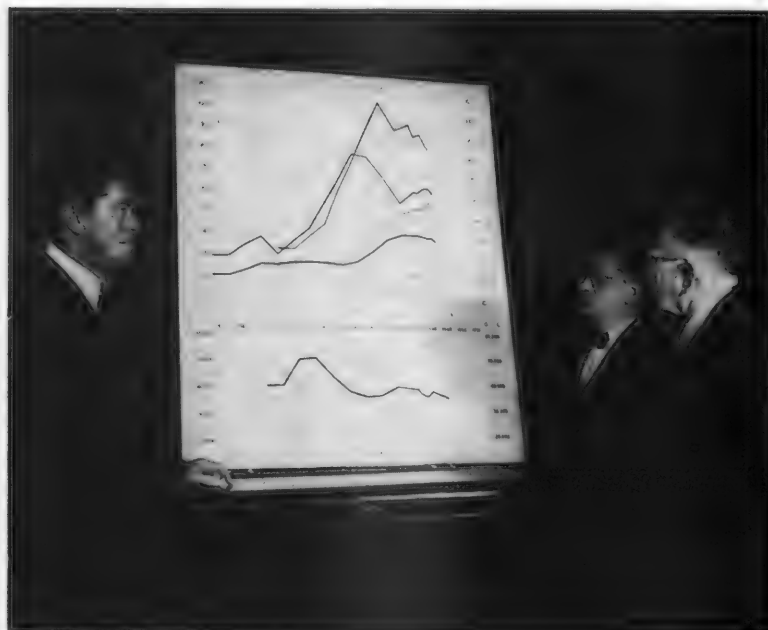
Tunney stopped talking and grinned. "That reminds me," he went on. "I know a company whose account our bank should have." And taking a piece of paper from his pocket, he was busy for a few moments jotting down a memo to himself to call Mr. X.

This evidence that Bank Director Tunney really works at his job was supported by Chairman McLean who interjected the remark that each member of the Industrial's board has a quota of new deposits and that Gene was currently leading the list.

Then **BANKING** asked Tunney to mention some of the benefits the bank director receives in return. He was ready this time, too.

In this corner (usual order) Bank Director Gene Tunney, Vice-president Syd J. Hughes and Executive Committee Chairman Wallace D. McLean study a deposit trend chart in the Industrial Bank of Commerce board

room



The director, he said, gets the prestige that goes with the job. It's an intangible, to be sure, but very valuable—it marks a man, gives him standing, like an honorary degree.

He becomes acquainted with the workings of the country's money system and of the national economy. The broad background of business is discussed and analyzed at bank board meetings, and the director acquires a knowledge of practical economics.

Also, the bank director is able to keep his finger on the pulse of business. The statistical data laid before bank boards provides an excellent barometer of conditions; and the exchange of information on trends in the many lines usually represented on a board puts the bank director, as a businessman and as an investor, in a strong position.

Tunney believes, incidentally, that the membership of bank boards should consist largely, if not entirely, of active businessmen—those who are actually working at the job, day in and day out, of building and strengthening the American free enterprise system. If a bank doesn't have a large representation of businessmen on its board, it loses contact with what is happening, and what is about to happen, in the business world.

He emphasizes that the banker should know as many businessmen—both small and large—as possible. The wider his contacts, the better his ability, as his community's economic guide, philosopher and friend, to meet his heavy responsibilities.

**W**OULD Gene care to comment on the trend toward socialization?

That one went home. With a gesture of the famous right fist, Tunney said he most certainly would.

Businessmen, he asserted, should become aware of what the politicians, in order to perpetuate themselves, are doing to the country. The Constitution was written to perpetuate a republican form of government; under it all the voters would have a responsibility to the Government, as free, independent citizens of the state.

The politicians, through their desire to keep themselves in office, he continued, have appealed to mankind's baser instincts, one of which is laziness. They're promising "pie in the sky" to the voters, for nothing in return. None but superior human beings can resist that temptation. Accordingly, we have all kinds of projects for the betterment of mankind. Democrats and Republi-

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## The Long Count

*THEY tell a good story about Bank Director Gene. It seems that one of the board meetings had dragged along to what corresponded to Round 15, and some of the members were getting a bit restless.*

*Then Tunney, always game even under statistical punishment, pulled his Sunday punch:*

*"How would you fellows like to hear about the Long Count?"*

*Well, what would you have said? So for the next hour the champ told his colleagues not only about that dramatic moment in the ring at Chicago, but how, while training for the first fight with Dempsey, he ran four or five miles a day backwards so that he'd be able to keep out of Jack's range.*

*But as a businessman and good citizen, Gene Tunney never back pedals. He's always in there, fighting for the success of whatever he undertakes.*

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cans alike have these pet enterprises, based, on the whole, for the continuation of themselves in office.

Tunney believes that although the Administration itself has "no partiality toward socialism," if its "so-called program" were enacted we couldn't avoid ultimate repudiation of the public debt and a socialization that would mean the end of the Republic.

**H**is major business interest today is the Stamford Building Company of which he is president. Several years ago it bought a large estate near Old Greenwich, Connecticut, whereon it is building 400 one-family homes. To date 107 of the 114 houses constructed have been sold at an average price of \$18,000, and 95 percent of the owners are veterans of World War II. Quite appropriately, many of the streets in the development are named after prominent military and naval figures: Eisenhower Drive, MacArthur Avenue, Nimitz Road, to mention a few.

With supplementary aid from a loan and insurance company which he and his business partner organized, Tunney's project is able to give home buyers a complete package—land, house, financing, and insurance. Mortgage financing is done under the FHA plan.

The construction company bids on work outside the development, and the insurance unit is agent for one of the big national life insurance companies, and representative of another for construction loans in Connecticut.

Tunney is a director of several other corporations, among them Eversharp, Inc., in whose recent proxy fight he took an active part.

For the same company he went to Australia not long ago to organize a Sydney branch and make plans for a plant. He was in England last year to survey housing projects.

That's a glimpse of Gene Tunney, businessman. Now let's look at Gene Tunney, citizen. As every newspaper reader knows, he's interested in many public-spirited organizations. The Catholic Youth Organization, of which he's a director, the Greater New York Council of the Boy Scouts of America, the Armed Services Department of the National Y.M.C.A., and the Urban League of America (which promotes equal opportunity for the Negro in industry) are among the agencies he helps.

If the emphasis is on youth activities, perhaps it's because he remembers his own underprivileged boyhood in New York's Greenwich Village where he went to work, at the age of 12, while still in school. Tunney believes that young people should get a "good, wholesome start"—the kind that is provided by athletics, religious training, and proper food. The education angle is taken care of by the state; the other youth-building agencies need a friendly lift, and Tunney's broad shoulders are always ready to push a worthy cause. But his name is never used for window-dressing; when he lends it, his active cooperation goes along.

At bank board meetings Tunney takes an active part. He closely follows the reports and discussions, asking questions whenever he wants a point elaborated. Sometimes he reports to the board on business conditions as he has found them during a recent trip in this country or abroad, and his keen analysis is always followed attentively.

Tunney, who believes that banks should help the little fellow, joined the board of the Morris Plan Bank of New York, predecessor of the Industrial Bank of Commerce, in 1937. He resigned early in 1942 to take over the Navy's athletic and physical fitness program. Soon after the war ended he was back on the board.

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# What Do You Know

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ONE are the days of simplicity in mortgage loan financing. With the advent of the Home Owners' Loan Act, the formation of the Federal Housing Administration for insuring loans, and the guarantees provided by the Veterans Administration, there has been a steadily mounting need for mortgage lenders to become familiar with mortgage rules and regulations if they wish to stay in the mortgage business.

FHA loans and VA loans dominate mortgage lending activity. As these Government-sponsored loans have increased in volume and amount, so have they increased in complexity as to their rules and regulations. The average banker is kept pretty busy knowing whether he is making a proper loan or not.

At the Western Savings and Mortgage Conference held in San Francisco under the auspices of the Savings and Mortgage Division of the American Bankers Association, very interesting and provocative questionnaires were distributed to those in attendance. They were prepared through the cooperation of the FHA and VA personnel and proved to be most stimulating as a test of knowledge on prevailing mortgage requirements.

The questions illustrate the need for keeping abreast of Government directives. Here are the questions on FHA regulations and procedures. They are to be answered as true (T) or false (F). The correct answers will be found on page 100. (The GI loan questions will appear in a later issue of BANKING.)

1. The term of an FHA Section 203 commitment, involving property under construction at time of submission of application for insurance, can be for 12 months. T F

2. The flat \$20 examination fee effective January 1, 1949, which must accompany all Section 203 applications, pays for all services to be performed concerning the case for a period of 12 months, or up to insurance, whichever is earlier. T F

3. Escrow funds collected on insured Section 203 or 603 mortgages for hazard insurance and taxes may be invested in U. S. Treasury Certificates by approved mortgagees who are under FHA supervision. T F

4. The FHA commitment under Section 203 can be cancelled after 60 days from date of T F

issuance providing only that construction has not been started.

5. FHA issues Section 203 commitments on proposed construction for a period of 12 months, and on existing construction, including under-construction cases, for a period of six months. T F

6. The following mortgage loan was ineligible under FHA Regulations: In 1942 a Section 603 mortgage in the amount of \$5,400 was insured, on a home occupied by a war worker, for a term of 25 years. On March 1, 1948, the outstanding balance of the mortgage loan was \$4,400 and the property was purchased by a veteran for \$8,000 and his mortgagee submitted application for insurance of a Section 603 mortgage loan of \$7,200 for a term of 25 years. T F

# about FHA Lending?

7. An outstanding Section 203 or 603 commitment on January 1, 1949, involving proposed construction that has reached or has exceeded the maximum period of 12 months, can be extended only upon payment of a \$20 fee for extension. T F

8. A Section 603 insured mortgage being held at 4½ percent interest is being refinanced under Section 603 through a small country bank at 4 percent. The bank failed to submit the mortgagor's refinancing certificate and was correct in claiming such certificate was not required. T F

9. Rental Housing properties insured under Sections 207 and 608 are eligible for yield insurance under the new Title VII of the National Housing Act. T F

10. Neither a completion bond nor a performance bond is required from the builder under Section 608. T F

11. The changes in the FHA fee schedule effective January 1, 1949, eliminated all special fee charges for reconsideration actions requested after insurance. T F

12. If the Section 608 mortgage is not in excess of \$200,000 the mortgagor may be an individual. T F

13. A Section 603 insured mortgage with unpaid balance now of \$2,300 and with 17 years remaining term, can now be refinanced T F

for a veteran in same amount but up to 25 years.

14. The FHA under no circumstances may insure a single mortgage under any of its regulations in excess of \$5,000,000. T F

15. FHA, when reviewing the true copy submitted with the closing papers, accepts responsibility for the correctness of the mortgage instrument as to the property description. T F

16. Payment of the commitment fee under Section 608 is due immediately upon delivery of the FHA commitment. T F

17. Since April 30, 1948, it has not been permissible to refinance a Title VI insured mortgage with another Title VI insured mortgage. T F

18. Plans and specifications are submitted for a 203 construction loan application which called for the installation of a garbage disposal unit. The FHA always include this cost in their appraisal figure. T F

19. The FHA will accept, for mortgage insurance, property covered by a trust deed where the mortgagee has failed to obtain hazard insurance. T F

20. Consent to the substitution of Mortgagor through the use of FHA Form 2210 releases the original mortgagor from personal liability under the mortgage. T F

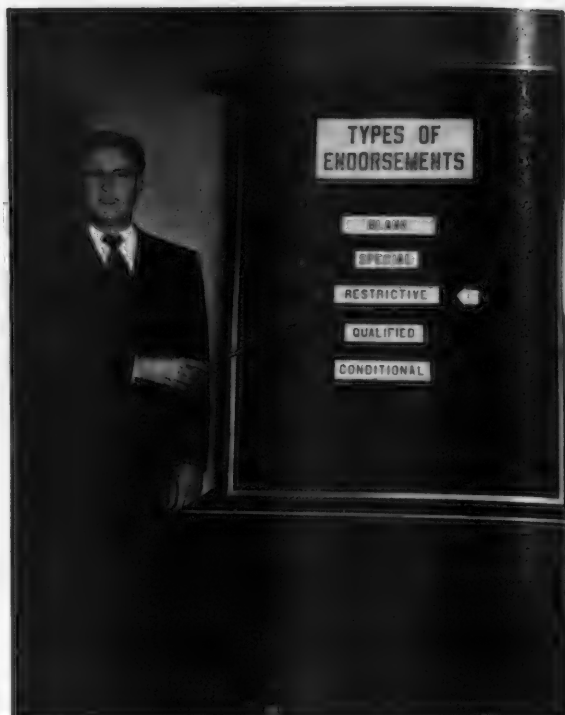
# Tellers Study the Three

## W's

*WHAT the job is  
WHY it is performed  
the WAY to do it*

WILLARD GOLDSMITH

The training division of California Bank's personnel department is headed by R. A. Walter, assistant cashier. Mr. Walter is shown conducting a class in endorsements. He is author of the bank's recently-published *Teller's Manual*



*The author is a member of the advertising and publicity department of California Bank, Los Angeles.*

**T**ELLERS at California Bank, Los Angeles, are being instructed in the three "W's"—*WHAT* a teller's job is, *WHY* the job is performed, and the *WAY* to accomplish it most efficiently.

It's a long-range, three-part program planned by the personnel department's training division, with the first phase, a one-week refresher course for all tellers, now under way. Scheduled to start soon are part two, a complete course of training for potential tellers prior to upgrading; and part three, an orientation course in the bank's policies and procedures for experienced tellers newly hired.

Terming the present refresher course "highly successful," G. M. Chelew, vice-president and personnel director, stated it is twofold in design: "We are emphasizing the improvement of individual efficiency through a greater understanding of banking theories and practices, and also the importance of tellers as 'goodwill ambassadors' of the bank, thus stimulating a proprietary interest in their work."

R. A. Walter, assistant cashier in charge of the training division, heads the staff of instructors whose efforts are

augmented by guest speakers, such as representatives from the bank's public relations, collection, and foreign departments and from California Trust Company, an affiliated institution.

The course of study is based primarily on the bank's recently published *Teller's Manual*. To facilitate instruction, a sound-slide projector, a conventional slide projector, and a flannel board are used, as well as a mock-up of a teller's cage, completely equipped, where students take part in demonstrations of job techniques.

Twelve tellers attend each week-long session and they are divided into groups of six to facilitate more individualized instruction. Class work is so coordinated that both groups meet together for special lectures and instruction periods when visual aids are used.

### Exams

However, it's not an "all listening" course for the back-to-school tellers. There are quizzes, both written and oral, held each day on sections of the *Teller's Manual* which have been assigned for study. Comprehensive "entrance" and "final" examinations are also given, results of the entrance tests being used as a guide for individual instruction. Tellers have further opportunity to express themselves through round-table discussions and question-

answer periods. These informal sessions follow every guest speaker's talk and are also conducted during regular class instruction periods.

### Curriculum

Danger points, or sources of potential loss to the bank, are particularly emphasized through the refresher course. Classes in negotiable instruments and endorsements, and reviews of these subjects, are prominent in the curriculum. Special attention is also given to the "Four Causes of Losses": (1) carelessness, (2) failure to follow established procedure, (3) exceeding authority, (4) misplaced confidence. Holds on accounts, kiting, "less cash" deposits, duplicate deposit tickets, signatures and signature cards, and counterfeits are among danger points stressed.

A unique feature of the course is the showing of colored slides of actual forged or fraudulent checks and documents. Discrepancies and safeguards are pointed out by instructors. The training division has approximately 100 such slides in its files, many of which were prepared by the division in cooperation with Los Angeles police authorities and the bank's operating and advertising departments. When possible, students are shown forgeries detected in the bank before they are turned over to police authorities.

Job reviews, oral examinations based on the *Teller's Manual*, are included in each day's schedule of classes. Currency counting, counting wrapped and loose coin, handling of mutilated currency and coin, protection of cash, and arrangement of tellers cages receive special attention.

As tellers have the most frequent contact with virtually all of a bank's customers, ways to improve customer relations are discussed generally with representatives from the bank's public relations department early in the course.

Points of recognition for potential sources of new business are reviewed in these discussions.

### Service to Customer

Throughout the refresher, service to the customer is emphasized as taking precedence over any other duty the teller may have. Tellers are urged to familiarize themselves with all services offered by the bank and, in this connection, functions of the collection and foreign departments and the trust company are described by representative guest speakers.

A spot opinion survey of the 85 tellers who have completed the course thus far disclosed a consensus of approval expressed in such representative comments as:



A completely equipped mock-up of a teller's cage was installed by California Bank's personnel training division for its five-day refresher course for tellers. Demonstrations and reviews of job techniques are held at the cage with students participating. Rosemary Page greets her "customer," instructor G. T. Stene, with a pleasing smile

"In my opinion the course is a 'must.' " "I've been a teller for several years and I certainly appreciated the opportunity to review my job objectively from the classroom." "Now

I'm clear on the services of our trust company." "I learned more about endorsements." "The method taught on counting currency has speeded up that job detail for me." "Slides on attempted forgeries drove home many good points." "I think the course will make it easier to coordinate inter-branch teller work."

Enrollees hear talks by representatives from various departments and the bank's affiliate, California Trust Company. G. H. Zimmer, above, assistant secretary of the trust company, alternates as guest speaker with Virgil D. Sisson, trust officer. Eighty-five tellers have completed the course thus far



### Teller Efficiency

What the refresher course is accomplishing in the improvement of California Bank teller efficiency may find future reflection in the banking careers of these employees. Assistant Cashier Walter, writer of the bank's *Teller's Manual*, summarized this premise:

"Finally, it should be remembered that a teller's future depends upon his ability to make favorable impressions upon his customers, his fellow workers, and his superiors.

To accomplish this it is necessary to develop the required personal qualifications and to obtain the required job knowledge and skill.

These, together with the experience which is essential to the proper development of any workers, are the foundation of a successful career in banking."





## Pitfalls of Public Freelations\*

\*This is almost too much.—ED.



DICK  
ERICSON

# Life Insurance Can Simplify an Estate Plan

EARL S. MACNEILL

MR. MACNEILL is a vice-president of the Irving Trust Company, New York City. A number of his articles on estate planning have appeared in *BANKING* in the last few months, and this summer he will be one of the lecturers at the Practising Law Institute's 5-day course on techniques of estate planning. His particular subject, given at the July 18-22 sessions at the Hotel Staller in New York City, will be "Disposition of Business Interests at Death," which will be a 2-hour lecture.

Now let me think . . . yes, with cash in the bank, with bonds, and that list of stocks—and the home—I'm worth about \$125,000. So I want to set up my will so as to get this maximum marital deduction. . . ."

Then he goes on to describe just how he wants it: As much as is necessary to obtain the maximum marital deduction (roughly half, he understands) in a trust for the benefit of his wife—she to receive all of the income; and upon her death the principal to go as her will directs. That part, he explains (of course, you already know it), becomes taxable as if it were his wife's estate, on her death, and therefore escapes tax in his own. The remainder of his estate, he continues, is also to be held in trust for his wife; but upon her death the principal will be distributed as *his* will directs and therefore, while it will be taxable in his estate, it will not be taxed all over again when his wife dies.

You nod in agreement with the general principles stated, for you have been preaching them in the promotional literature distributed by your trust department. But you are aware that an element is missing. You ask:

"How much life insurance do you carry?"

## Let's Assume—

Every day at least one trust officer in the country is carrying on a conversation similar to that above described. (He wonders, in the course of it, how it is that men so frequently forget to include in their plans the life insurance that often is the largest single item of their estate.)

We will assume that the answer to the question asked above is: \$75,000, and that the insurance is payable to the customer's wife outright.

Under the impact of the new facts a new plan is shaped:

It begins with an explanation that under the Revenue Act of 1948, which created the principle of the marital deduction, life insurance may "qualify" or be "disqualified" for the marital deduction just like any other asset.

It qualifies for the marital deduction if payable outright

to the wife. It qualifies, also, if instalments are elected by a husband, payable exclusively to his wife (and vice versa, of course), with the provision that any unpaid balance on her death shall be paid as she may order, or to her estate. These are new forms of option, born of the new tax law. If a husband lets the usual options previously available stand unchanged, his insurance will not qualify for the marital deduction; for the typical old-style instalment options provide for payment of unpaid balances specifically to the children or other specified beneficiaries, or to the husband's estate.

Following the explanations, a quick calculation\* is made on the basis of the new data:

Cash, securities and home: . . . . .	\$125,000
Life insurance: . . . . .	75,000
Total estate: . . . . .	\$200,000
Divide by two (to obtain maximum marital deduction): . . . . .	\$100,000

SINCE the \$75,000 of insurance qualifies for the marital deduction, only \$25,000 remains to constitute the principal of the marital trust—scarcely enough to make the trust worth while. On further questioning, it may be discovered that the residence, worth \$20,000, is in the joint names of the husband and wife, so that it passes directly to the wife—and jointly owned property also "qualifies" for the marital deduction. So only \$5,000 would be left in the trust which, in pursuance of the formula commonly used, was to be made up of so much of the estate, passing under the will, as was needed to make up the maximum marital deduction of \$100,000.

From there on the plan created itself:

The life insurance is re-set with the new kind of instalment options that will make it taxable in the wife's estate.

The home stays in joint ownership.

The possibility of a separate and wholly uneconomical and unworkable trust of \$5,000 (more or less) is eliminated by providing in the will for an outright legacy to the wife of whatever amount is needed to obtain the maximum marital deduction.

The balance of the estate—\$100,000 minus administration expenses and about \$5,000 of estate and inheritance taxes—will be left in trust for the wife's life. Distribution to the children on her death is directed by the husband's will.

## Two Points to Remember

We have belabored this rather simple example (somewhat in the manner of the hunter who shot mosquitoes with an elephant gun) to illustrate two points: that life insurance frequently can be raised from a side issue to the very keystone of a plan; and that estate plans under appropriate circumstances can be simplified by "qualifying" the estate's assets separately rather than by lumping assets indiscriminately in "marital" and "nonmarital" trusts. Often a customer is confused by the seeming necessity of creating two dissimilar trusts for the lifetime benefit of his wife; and the whole matter of the marital deduction takes on an artificial, stylized aspect. Not only may the customer's confusion be dissipated, but unprofitable trust business in many instances can be avoided by such a pattern of planning as we have outlined here.

\* The calculation is simplified for purposes of clarity, excluding administration and funeral expenses and other permissible deductions.



Loading one of 36 American locomotives recently shipped together to India. These giants are among the largest ever shipped from the U. S. fully set up, and constitute one of the largest shipments ever made in a single vessel

HARRIS & EWING

## The Domestic and Foreign Adventures of the \$

HERBERT BRATTER

FROM George L. Bell of the Office of International Trade we learn that in terms of actual goods our imports today are only about 13 percent above prewar, while we are producing about twice as much as we produced then. Since January 1 many materials have been removed from export control, including fats and oils, grain flours, seed grains and lumber products. In administering the controls the Commerce Department has consulted with more than 60 advisory committees of businessmen.

### UK TRADE DRIVE

In the House of Commons, Harold Wilson, Board of Trade president, has outlined the British Government's 8-point program to stimulate sales of British goods in North America. One point involves additional aid by the Export Credits Guarantee Department. In this and other ways the government will "give every help, and where necessary, open favoritism, to exporters to Canada and the U.S.A." Mr. Wilson said no exporter need have any hesitation in asking the exchange control for

reasonable allocations of dollars for such purposes as market research, advertising and the establishment of selling and servicing agencies in the U.S.A. and Canada.

### COMPETITION

While we are all engaged in helping each other, and our former enemies, some businessmen are getting more and more concerned about the competitive angles. Indiana Congressman William Jenner has put in the *Congressional Record* an article, "ECA Is Building Formidable Competitors." In Britain businessmen see the export drive as threatened by revived German and Japanese competition. One defense for British export trade, it is being suggested, is bilateralism, termed by Dr. Paul Einzig "the adopted creed of Whitehall." The guiding principle is that Britain buys from those who buy from her, and in equal amount.

### ITO

Concerning the ITO charter, now before Congress, the Export Managers

Club reports: "Only 30 percent of our members have read the proposed charter. . . . Of the group, two-thirds stated they do not understand it. . . . Very few feel justified in either supporting or opposing its adoption." Considering all the effort spent by the State Department in public education on this project, the results appear a little surprising. Maybe the Department was just too ambitious in trying to reduce to articles and clauses the tangled trade ideas of the non-Soviet world.

### PROMOTING U. S. IMPORTS

ECA's Wayne Chatfield Taylor, one-time Undersecretary of Commerce and Treasury and Export-Import Bank head, left in mid-May for Europe to see what can be done about promoting U. S. imports from ERP countries. Taylor heads a group of nine ECA consultants and Commerce Department officials.

Treasury Secretary John W. Snyder says Europe has the opportunity to supply us with many types of specialized finished goods which they can produce more cheaply than we can. Those goods

will be cheaper still if certain European countries follow Mr. Snyder's advice and adjust their exchange rates. He states: "If the European countries are to balance their payments with the United States and other Western Hemisphere countries, some of them may have to adjust their exchange rates before 1952."

### CONVERTIBILITY

American businessmen find it hard to reconcile themselves to the fact, so evident since the great depression, that many of their former customers abroad have not the means to pay for American goods unless they are lent or given the necessary dollars. Or perhaps our businessmen realize this well enough, but feel that the Federal Government owes it to them to overcome that unpleasant fact, as it has been doing since the war. The Independent Merchant Exporters Association makes the surprising declaration that "nowhere in Washington is there an organized committee working on the problem of the international dollar shortage." (NAC please note.) As one solution it suggests that "the Export-Import Bank must arrange a system of multilateral clearance of currencies."

### STERLING

Sterling's devaluation now would contribute little toward closing the gap in Britain's balance of payments, states a report published in April by the National Foreign Trade Council. Staff

work on the 85-page report was headed by Donald Heatherington, formerly of the Department of Commerce in Washington. Not everyone in the capital will agree that sterling's overvaluation should go uncorrected. The NFTC says British exports show no sign of being unsalable because of high cost in other currencies. However, since the Board of Trade in London is busy trying to stimulate exports to close that big dollar gap, one may be sure the par value of the pound is constantly under study in Whitehall.

### REYNAUD

Paul Reynaud, who seems again headed for the top post in the French Government, addressed the United States Associates of the International Chamber of Commerce in New York on Europe and world trade. He gave the U.S.A. some good advice: Cultivate a trade deficit and thus replace the American taxpayer—who finances ERP—with the American consumer—who thus will get something for his money. Reynaud dislikes the present "artificial stability" of exchange relationships under the World Fund system. He believes that "the founders of the monetary Fund were either too ambitious or too hasty while they strove to achieve the most worthy objective. In fact, in order to maintain the artificial stability of today, the various countries are compelled to do just the opposite of what should be the policy of the monetary Fund, to alleviate the restrictions."

These three men recently signed the contracts for construction of a \$70-million North Atlantic "superliner," a model of which they are shown examining. They are, *left to right*, U. S. Maritime Commissioner Grenville Mellen, Major General John M. Franklin, president, United States Lines, and J. B. Woodward, Jr., president, Newport News Shipbuilding and Dry Dock Company



### BRETTON WOODS CONFERENCE

At Lake Success the British representative on the Subcommittee on Employment and Economic Stability, R. F. Harrod, urged the convening of an international economic conference "to re-establish an international unit of account, with full multilaterality and convertibility," to reconsider the charters of the Fund and Bank, to consider whether the dollar is likely to cease being scarce under ECA, etc. Mr. Harrod deplores the fact that UN economic bodies "have no influence on governments whatsoever." Breakdown of the World Fund seems to be recognized in the report of the group of experts of the subcommittee, which sees as "the only conclusion" that, in practice, governments "are not now regarding the aims of the . . . Fund as an integral part of their own aims."

### WORLD BANK

Returning from a two-month tour of the Mediterranean area, World Bank Vice-president Robert L. Garner held a press conference, during which he commented on the criticism voiced at Lake Success concerning the Bank's banker-like loan policies. Mr. Garner pointed out that the Bank was not set up to undertake "a great lending program when the depression came." If the Bank were that kind of an institution, it would not now be making any loans at all, Garner said. Moreover, if the Bank made loans on a social or relief basis instead of for economic reasons, he added, it wouldn't be a bank and couldn't raise any money on the market.

### BEIRUT GOLD

Beirut has become a great center of gold trading, according to the French newspaper, *La Vie Francaise*, since February when the transit trade was facilitated by the Lebanese Government, a member of the World Fund. Special airlines to Kuwait and Iraq are reserved for the gold traffic so displeasing to the Fund. Gold comes to Lebanon at premium prices from Saudi Arabia, which has become wealthy from the oil business, the royalties of which are payable in good, hard metal. It comes, also, from Tangier, Western Europe and even America, much of it destined for India and the China coast. More than 100,000 ounces a month passes through Beirut. The 100,000-ounce sale of gold at premium prices which South Africa has sold through a London firm is be-

(CONTINUED ON PAGE 129)

# The Need for a Uniform Motor Vehicle Law

FAIRFAX LEARY, JR.

*The author is a member of the bar in New York and the District of Columbia, and was formerly assistant professor of law at the University of Pennsylvania.*

**P**OPULATION shifts during and after the war have highlighted the fact that we are becoming a more migratory people. Families no longer stay in the same locality for generations, and, indeed, job shifts move men and their families to new communities quite frequently. The family car moves with them. It is no longer a luxury; in many occupations it is a necessity to get the man to the job. And often it is the chief tangible asset of the family, the only bankable asset. Loans made on the security of the automobile can be profitable and can be made cheaper for the borrower if the bank is given proper protection.

It is, therefore, strange and costly that our laws have not kept pace with this change in ways of life. Seventeen of our states still have laws based on the outmoded concept that a man is born, grows up, lives and dies, all in the same county. These state laws provide that contracts creating security interests in automobile must, to be valid against third parties, be filed in the court house of the county in which the car owner resides.

## Legal Problem

Difficult legal problems arise when the owner moves to another county and borrows on his car again. As between the two lenders, which will prevail? Or the legal problem may come up in another way. The borrower moves to a new county, is sued there by a third party, and judgment is taken against him. The third party then levies upon the car to satisfy his judgment. Who will prevail, the attaching creditor or the prior lender claiming a mortgage or other security interest in the car? On both of these questions the decisions are not uniform; the courts are divided. The legal bewilderment becomes greater when the owner moves across state lines and takes up his life in another state.

The remaining 31 states have enacted certificate of title laws. Under these

statutes the owner of a car is issued a special certificate evidencing his ownership. This he need not and should not keep in the vehicle, for one of the purposes of these certificates is to make it more difficult to sell stolen cars.

Criminal ingenuity has, however, kept pace with the law. Aside from the theft from one state capitol of several thousand blank forms on the special watermarked paper, other methods of obtaining certificates for stolen cars are widely used. Last year, Philadelphia police and Federal agents broke up a gang engaged in stealing automobiles from station parking lots. When the crooks found a car regularly parked in the lot, they obtained motor serial numbers and other pertinent information from the registration card normally kept in the glove compartment, forged affidavits claiming a lost certificate of title and a notice of change of address. These were sent to the state capitol with a request to forward a duplicate certificate of title to the new address, where, of course, one of the crooks was waiting to receive it. If no liens appeared on the duplicate the car was stolen, driven to Ohio and sold, exhibiting the duplicate certificate of title. Of interest to banks is the fact that the vehicle could not be sold if a lien appeared on the certificate of title because the buyer would insist on having the lien discharged. This the crooks could not do.

## Inadequate

But certificate of title laws do not adequately protect those who lend on the security of a lien on an automobile. About a dozen of the so-called "title states" enter upon the certificate only those liens upon the car that may be disclosed in the application for a certificate. Since application need only be made when the car is sold to a new owner, liens created by the owner after he has bought the automobile will not be shown. Of course, a careful lender, not wanting a lawsuit to establish his lien, will do one of two things. First, he will write a notice of the lien on the certificate himself and hope that any purchaser will see it and thus be put

upon actual notice. Second, the lender will have the car transferred to a straw man subject to his lien and then sold back to the owner.

The first method does not give complete legal protection as the lien is not entered as required by law. Consequently, it may not be good against garagemen, attaching creditors, and the like unless it has been recorded in the county seat. The second method is objectionable because it increases the cost of a loan by two transfer fees. A device sometimes used is to require the borrower to deposit his certificate of title with the lender. This gives no protection at all, since the borrower can readily obtain a duplicate, and the attaching creditor may prevail.

Another group of states requires that all liens on automobiles be recorded centrally at one place, the office of the Commissioner of Motor Vehicles, but they need not be entered upon the certificate of title except when the car is sold to a new owner.

Still a third group of states says that liens can be entered upon the certificate of title at any time and that a lien so entered is notice to all the world of the lender's interest. But even these states do not, in most cases, invalidate liens filed in the county court houses and not shown on the certificate of title. Indeed, the law in at least one state is thought to require that the lien, to be valid must be filed (and the fee paid) both in the state capitol and in the local county court house.

There is also a considerable diversity in the rules governing the priority of the lending bank's lien and the lien of a subsequent repairman. In some states the subsequent repairman's lien for the cost of his repairs is given preference. In others, the lending bank comes first, and in the middle are those states giving the repairman a first lien up to fifty dollars and thereafter giving the prior lending bank the prior claim to the car.

A bank's market for loans often covers more than one state, and consequently these differences in state laws will affect its operations. Its costs are

(CONTINUED ON PAGE 122)

# Consumer Credit News

## Regulation W Forces Banks Into More Liberal Terms

This selection of news and opinion was compiled by THEODORE FISCHER of BANKING's editorial staff.

ANY lender who attempts to operate under terms less liberal than those prescribed by the Federal Reserve Board's Regulation W will meet with public disfavor, according to Walter B. French, deputy manager of the American Bankers Association in charge of its Consumer Credit Committee. In an address to the 45th annual convention of the New Jersey Bankers Association in Atlantic City on May 13, Mr. French said:

"Although the Federal Reserve Board on more than one occasion has suggested that the terms set by Regulation W are maximum terms and that any lender desiring to do so can require a larger down-payment and a shorter time period, in actual practice lenders are in the predicament of having the over-all governing body tell the public, through the daily press and radio, that terms now set by the Federal Reserve Board are: ('whatever the terms may be.')

"The Board, therefore, intentionally or otherwise sets a pattern that lenders are obliged to follow or lose business. We are convinced that the Federal Reserve Board has no desire to bring about such a condition, and we are also convinced that the only way to prevent it is to release articles from the controlled list when they are in good supply. Credit then becomes an unrestricted factor in each sale, and terms are subject to negotiations between the lender and the individual borrower.

"The whole history of the Regulation has been one of acting too late—of following the trend rather than of anticipating it. When the Regulation was imposed last September, it actually liberalized terms on most of the items—a direct opposite of what it was intended to do. Since that time, the Regulation has been modified twice. The chairman of the Consumer Credit Committee of the American Bankers Association expressed our views to several members of the Board when he suggested that as articles came into good supply they be eliminated from the list, instead of modifying the terms. By mod-



"Well, chief?"

ifying the terms, the market becomes confused in certain areas.

"It is quite evident that if the Board of Governors believes that if the market for consumer articles can now satisfactorily operate on the basis of 10 percent down-payment and 24 months to pay, it can leave the matter of terms entirely to lenders who are far more experienced than the Board itself.

"Over the years, in good times and bad, consumer instalment credit has had an experience record that is the envy of all other credit segments in our economy."

### Looking Ahead

Mr. French said he realized that prophecies have a way of coming back to haunt the prophet; but, deferring to the wishes of the meeting chairman, he would look into the crystal ball.

"Here," he said, "are some of the things I see:

"The used car market will bear watching. Cars before the war are no longer considered desirable risks by some major lenders. Any price cuts in new cars will have an immediate effect on the used car market. The down-payment factor on used cars will become increasingly important.

"New car production is already affected by a major strike. Other influences that can be looked for in the next few months are price cuts and the ability of new makes to weather their first real test in a highly competitive market. It would not be surprising if down-payments on new makes were increased.

"From the way credit looks now, collection and repossession problems will be on the increase. Repossession at the moment is not a major concern. Collection problems, although fractional, are on the increase. Any further degree of unemployment or reduction in take-home pay will influence these factors.

"It would be advisable now for lenders to do a better screening job of new applications and bolster the policing of current loans."

### The GOOD Risk

The Mercantile-Commerce Bank and Trust Company, St. Louis, in its *Consumer Credit Bulletin*, quotes results of a recent survey in the instalment lending field which reveal that the best credit risks are made up of the following elements:

- (1) Monthly income over \$300.
- (2) Length of time employed in same job—over two years.

- (3) Age of borrower—40 to 65.
- (4) Number of dependents—0 to 4.

The survey revealed certain other observations. For instance, losses are excessive: (a) Where net monthly income is less than \$200; (b) when ratio of monthly payments, including rent, exceeds 45 percent of net income; (c) when the number of dependents is five or more; (d) when borrower has held job less than one and one-half years; (e) when the borrower is under 23 or over 65 years of age.

### Questionnaire

Alexander Gunther, vice-president of The First National Bank of Philadelphia, recently told a correspondent bank meeting the standard questions which his bank asks of each loan applicant:

- (1) How much do you earn each month?
- (2) What are your present obligations, including rent and regular household expenses?
- (3) How large is your family?
- (4) How much have you been able to save each month?
- (5) What are your prospects for advancement in your job?
- (6) How much did your house cost, if you own it?
- (7) Can you accurately forecast your income and expenditures for a period of 12 to 15 months ahead?



**HENRY W. LINSS**

new assistant manager of the retail finance division of the Westinghouse Electric Corp. His chief duty will be calling on banks all over the country to assist them in adoption of the Westinghouse Equity Plan. The plan (BANKING, September 1948) encourages the financing by local banks of appliances, radios, television sets, and other Westinghouse products which lend themselves to installment financing

Mr. Gunther then pointed out that income is not an exact criterion. He noted that "a family with a monthly income of \$400 may pay \$75 per month on a house under an FHA loan, and \$85 a month for an automobile. With other monthly expenses taken into consideration, this family cannot normally afford to take on further obligations.

"Yet another man with the same size family may have a lesser income of \$350 per month, pay the same amount for rent (\$75) and have no outstanding obligations. This man is \$35 a month more able to commit himself than the man with the higher salary.

"Although most sensible people regulate their incurred obligations in proportion to their net incomes, we must hold a checkrein to prevent the improvident and irresponsible individual from taking all he can get with little thought of how he is going to repay."

### Price Tag

The Citizens National Trust and Savings Bank of Los Angeles adopts modern merchandising methods in publicizing its credit services. It hangs a price tag on its loans just as a department store might advertise any item on which the price is inviting.

A recent advertisement of the bank reads like this:

"Need a Loan? \$100 costs only 13½¢ a week."

There it is—an attractive item at an attractive price.

### Market Value

Actual market values on used cars have, in some instances, declined much faster than book values. In a rapidly falling market, that is one of the most important things to watch. It makes for trouble in the event of repossessions.

In New York City in early May, a dealer sold at auction 60 used cars for \$80,000—and lost \$12,000 doing it. He found that 1948 models of Fords, Chevrolets, and Plymouths brought about \$100 less than at an auction just one month earlier. Three to four months earlier, the same makes had brought from \$350 to \$500 more.

### Brand Name

There is, perhaps, a little lesson for loan officers in the results of a survey recently completed by one of the largest manufacturers of electrical appliances.

This company makes, among other things, hot water heaters. They are sold on a 10-year warranty plan. The company made a survey and found that more than 50 percent of the consumers who purchased its water heaters in the last

### Harmful Controls

WHEN, during its brief special session last August, Congress granted to the Federal Reserve Board the powers to reassert controls over installment credit, it did so on the premise that an emergency confronted the nation's economy as a consequence of threatening inflationary forces. Now the circumstances have changed entirely. If there is an emergency, its character is opposite from that which presumably existed last August. Would it not then be the reasonable course of action to withdraw the controls entirely which were designed to moderate inflationary influences when the deflationary forces are now the active ones.

INSTALLMENT credit controls have always been defended as necessary when there exists an excess of consumer demand and an insufficient supply of goods to satisfy the demand. In short, the controls were designed to deal with specific stringencies of particular goods or classes of goods. . . . Sound public policy calls for the release from control of those goods where the stringency has disappeared. . . . Various classes of consumer durable goods have been coming into easier supply until now practically all are available upon demand; hence the necessity for any control at all has also disappeared.

THE Federal Reserve Board, I know, is careful to stress that the terms it sets are permissive only and are not suggested as desirable. . . . Some lenders, less careful and less scrupulous—and some consumers, less discriminating—will interpret the terms as being sanctioned by the Board. . . . Other lenders will be subject to the undesirable competitive pressures of the less scrupulous who will cite the actions of the Board in their support. They will be confronted also by demands of some consumers for more liberal credit terms than the individual circumstances justify, on the ground that the terms they seek are government approved.

EVANS WOOLLEN, JR., president, A.B.A., in a letter to R. M. EVANS, member, Board of Governors, Federal Reserve System

12 months did so because of the manufacturer's reputation. Only 5 percent were influenced by the warranty.

The reputation of the maker would seem to promise a greater resale value in the event of a repossession than would any guaranty of long term performance.

The right nameplate on an automobile has always been considered a safety factor in auto loans, but even in smaller items the manufacturer's integrity is of paramount importance.



Advisory Council on Farm Loans at the Enosburg Falls (Vt.) Bank and Trust Co. *Left to right*, Charles B. Doane, U. S. Department of Agriculture and member of the bank's board of trustees; John D. Bacon, vice-president and a farmer; Fred C. Brown, president and a grain dealer; J. Calvin Hammond, trustee and a farmer; Lloyd Chaffee, trustee and a farmer; and Arthur N. Benoit, the bank's agricultural field representative

## This Is How We Sell Services to Farmers

F. W. BLACK

*Among the interesting points discussed by the author is an advisory council of successful farmers to guide banks in their development and handling of agricultural business. Three farmers sit on the board of the Enosburg Falls (Vermont) Savings Bank and Trust Co., of which Mr. BLACK is executive vice-president. This article is based upon an address given by him at the Agricultural Credit Conference at the University of Vermont in Burlington, cosponsored by the Vermont Bankers Association.*

I AM situated in a small bank which depends on farmers for approximately 80 percent of its business, and in an area which is serviced by many agencies extending agricultural credit. Competition is keen, but friendly, and we all have to have a program to fit the farmers' needs in order to obtain a share of the business.

In a locality like ours it is necessary for the banks to operate under a lending program that will adequately serve all of the credit needs of the farmer customers, and with a policy whereby each loan is tailored to fit the farmer's needs, whether real estate, a loan combining real estate and personal property, a chattel mortgage on cattle or farm machinery, or an unsecured note.

Farmers prefer to deal with folks who understand their particular problems, and especially is this true with credit. Shrewd farmers select their credit source on the same basis that they buy a mowing machine or tractor, on the basis

of how well it meets their needs. Our methods are not very much different than many others in the farm loan credit field. A banker is nothing more than a salesman. He sells credit and service. Credit is pretty much the same wherever it is obtained, but service is another story, and I am thoroughly convinced that prompt, efficient, credit service is the prime factor in obtaining farm loans.

### Outside Field Man

To furnish adequate field service it is almost a necessity to have at least one man on your staff devoting all his time to farm credit. His duties may be divided into two major activities, promotional and extension.

We employ a field man and his duties are many. He is an ex-farmer who was successful in his own farming operations. He knows Franklin County farm people and Franklin County farming. Practically all of his time is spent in the field, soliciting loans, servicing loans, calling on farmers, and trying to foster good public relations toward our bank.

Our loan volume has increased 100 percent in the past four years, and a good share of this increase can be attributed to an active solicitation of loans by the field man at the farm. You may say that it has been easy to build up a volume of loans during the past few years. That may be true, but this volume has been built up on conservative appraisals based on what we be-

lieve are normal values rather than sale prices. We loan up to two-thirds of our appraisal on real estate and new farm machinery, up to 50 percent of our appraisal on cattle and secondhand farm machinery. All loans are amortized and 95 percent of our real estate and chattel loans carry milk check assignments. Our delinquencies are practically nonexistent at the present time.

We aim to give good service. Our field man usually makes our personal property appraisals the day the application is received and we aim to have the real estate appraisal made by two of the three farmers on our board of directors within 48 hours from receipt of the application. We have the cooperation of our attorney in searching title and making up the necessary papers, so that usually our loans are ready very quickly. Our rates are and have been 5 percent on real estate loans and 6 percent on chattel mortgage loans.

### Types of Loans

You may be interested in the type of loan we make. Our combination loans, including real estate and personal property, are usually made for either a 10- or 12-year term. The personal property is secured by a chattel mortgage on the cows and machinery, each pledged cow being described in our appraisal recording its age, physical characteristics, breed, and ear tag number. Each piece of machinery is similarly listed. On our regular chattel mortgage loans covering all the personal property on a farm we

allow up to five years for repayment. We have many such loans where the Federal Land Bank carries the real estate mortgage on the farm. Practically all of our loans are amortized, with a milk check assignment to the bank.

We renew our chattel mortgages every 12 months, usually in the winter when all the cattle will be in the barn and the machinery housed in the farm buildings. The chances are that the re-appraising will find some changes in the collateral, some cows having been sold and replaced by new purchases; some young stock having become milk-producing cows, etc. There can sometimes be a change of as much as 25-30 percent in the inventory of the cows since the last appraisal, occasionally more, but that change is not a matter of concern unless the loan has been troublesome, for it means merely correcting an inventory and being sure that the chattel mortgage correctly covers the present herd.

I mention these facts because this program can be carried out only if you have an active field man and a group of cooperative farmers on your board of directors. I believe that without such a set-up, or one similar, it is almost impossible to give efficient service on your farm loan program.

### Farm Loan Credit File

Credit files are but the means to an end, but no one will deny that they are very valuable to both the banker and the bank examiner. We use a financial statement which is very similar to the one designed by the Federal Reserve Bank of Boston, but you cannot just hand a farmer this form and ask him to fill it out. If you do that you will probably never see him in your institution again. Sit down with him in private and help him fill it in. It usually isn't necessary for him to have record books for this information. If at the farm, the field man can assist him. Usually the field man can tell whether the loan will be made or not from what the farmer tells him, his broad knowledge of the locality, and the character of the farm.

We use a field report, compiled by our field man, furnishing his opinion of the applicant as a credit risk, his financial position and progress, management, and the omission of any assets or liabilities on the credit statement. He also gives his opinion of the farm and equipment, its location, general appearance, upkeep, productivity and condition of the soil, drainage, adequacy of

pasture, value of sugar orchard or timber. He lists livestock and equipment additions and replacements which will soon be necessary. He also lists helpful information that he may gather from time to time on visits to the farm, at cattle auctions, from grain dealers, or other information sources.

Our real estate appraisal forms and our chattel mortgage appraisal forms are quite comprehensive and furnish a great deal of information valuable in making a new loan or granting additional credit. We use one innovation which is not too common as yet in Vermont farm loan files. We have in our files photographs of all farm buildings on which we have real estate mortgages, and on a good many buildings on which we have extended some type of credit to the owner. This may not be necessary but it is very helpful in extending prompt credit in some cases.

**I** BELIEVE a credit agency should do everything in its power to encourage farmers to keep adequate records and we furnish to any farmer who will use it a copy of the *Farm Record Book* published by the Agricultural Extension Service of the University of Vermont and urge him to keep it accurately. This is the finest and most complete book that I have ever seen for farm record keeping.

We have adapted to our needs many of the suggestions of the Federal Reserve Bank of Boston and found that they work out very satisfactorily. Use whatever you think you need, but make it adequate enough so that you can give almost instant service on almost every future loan application from each customer.

It is my opinion that a bank should have an advisory council of farm customers. If you have a board of directors

F. W. Black



that contains several farmers, you have such a council in your own bank, but many do not have this set-up. It provides a group of men who can furnish suggestions on what a farmer expects of his bank. The recognition afforded a farmer through this connection will make him anxious to help your institution. Government agencies have used this idea with great success, and unless a country bank has at least two or three directors actively operating farms it would be well for them to think seriously of this idea and incorporate it into their program.

It enables bank officers to present for discussion with these farmers ideas and plans prior to their incorporation into the active program of the bank, and often the men in the council submit new thoughts which can be readily used to advantage by the bank. The members of such a council will gladly furnish credit information that is helpful, and insight on current farm problems. A bank dealing in farm credit must be close to the farmer and know his problems.

### Customer Relations

We frequently embark on a new business campaign, or try to develop an old one, without first working out a definite customer relations program. Too many of us fail on this point. We are all trying to obtain new customers, but we must remember that we must provide the facilities and services that will make them want to continue to do business with us. We must give the farmer more attention than has been the usual policy in the past. Create a pleasant business relationship. Have your office arranged so that there are comfortable facilities for your customers. Discuss credit problems with farmers in private and look at their problems from their viewpoint. Work out terms adapted to their particular needs if possible. If a loan application is to be turned down, try to explain the unsoundness of the proposal tactfully, explain how it might be adjusted to be eligible for credit. If some other agency might be able to handle the application, direct the farmer to the proper credit source. Do all in your power to make him feel that he is appreciated, and that you are trying to give him good service. He will not forget.

It is necessary in a bank operating a farm loan program to have officers come into personal contact outside of the bank with farm customers and potential farm customers.

# News for Country Bankers

Selling Services . . . Bank Operations . . . Legislation . . . Research . . . Better Farming

*This selection of news affecting various aspects of country bank management was compiled by MARY B. LEACH of BANKING's editorial staff.*

## Monroe Bank Wins Strickland Award

THE Robert Strickland Agricultural Memorial Award for Distinguished Service to Agriculture in Georgia during 1948 was presented to The Farmers Bank, Monroe, at the annual meeting of the Georgia Bankers Association in Augusta.

The Monroe bank received a large bronze plaque depicting the dawn of a new era of agricultural progress in Georgia, and the opportunity to select a student in its area to receive a \$1,000 scholarship to any college of agriculture in the University System of Georgia.

The plaque and scholarship were presented on behalf of the Trust Company of Georgia by John A. Sibley, chairman of the board, and on behalf of the association by George M. Bazemore, president of the First National Bank in Waycross, whose bank won the first award last year. Mr. Bazemore is chairman of the committee of agriculture of the Georgia Bankers Association. C. R. Bradford, president of The Farmers Bank, accepted the award.

The award, including the scholarship, is presented each year by the Trust Company of Georgia in memory of Robert Strickland, its late president, who was a leader in the agricultural and industrial development of the state.

"The Farmers Bank of Monroe has built up a strong and sound agricultural department," Mr. Sibley said. "The head of that department is a graduate in agriculture of the University of Georgia. Over the last few years the bank has financed in the county 42 new dairymen and others are in the process of being started. In 1944 the county had only six dairymen and now it has 52.

"The bank has cooperated with the county agent in organizing the Walton

Presentation of Robert Strickland Memorial Award, left to right, Mr. Sibley, Mr. Bazemore, and Mr. Bradford



County Dairy Association, a very active organization which meets once each month. This organization enables the dairy industry to bring specialists in various phases of dairying to discuss the dairymen's problems.

"The bank has not overlooked the young people or their importance, working closely with the county agent and the vocational agricultural teachers. The bank has encouraged farmers to add beef herds to their farm enterprise; has made loans for establishing permanent pastures; and has encouraged them to take advantage of the AAA Soil Conservation program. It has recently made a study of the broiler business and is now financing several growers in that business."

## Conservation Foundation for Nebraska

A FIVE-MAN committee has been named by the Nebraska Bankers Association to form a Nebraska Conservation Foundation, thus making the Cornhusker State the first in the country to have a foundation of this kind, according to Association President J. H. Kenner, who is president of the Thayer County Bank, Hebron.

"Bankers are appalled," Mr. Kenner said, "by the fact that 50 percent of the state acreage is in a state of mild to

severe erosion. Severe erosion has affected 31.2 percent of the acres. The 20,200,000 acres which bear scars of erosion definitely affect production."

The foundation plan was outlined to Nebraska bankers during the NBA's annual statewide group trip. O. Dooley Dawson, vice-president, Second National Bank, Houston, traveled with NBA leaders, speaking on erosion.

The five-man committee is composed of: Walter R. Chace, president, Farmers National Bank, Pilger; Burnham Yates, vice-president, First National Bank, Lincoln; John F. Davis, vice-president, First National Bank, Omaha; H. W. Schepman, vice-president, Johnson County Bank, Tecumseh; and J. O. Peck, president, Central National Bank, Columbus.

## Clerking Salesmanship

COMPETITION is keen for the job of clerking farm auction sales in southern Minnesota. To publicize the fact that the State Bank of Faribault at Faribault, Minnesota, is clerk at a sale, President John Carlander makes telling use of various advertising devices. Recently he had printed a large number of posters carrying a large arrow printed in red and pointing toward the farm, and bearing the following message:

## AUCTION

State Bank of Faribault, Clerk  
TO-DAY!

These posters are tacked on fence posts and telephone poles in the vicinity of the farm where the sale is being held. To advertise the sale further, Mr. Carlander had a board prepared carrying this sign: "Sale Clerk Car." The board is attached to the hood of the bank car by means of rubber suction cups. The two men representing the bank wear large canvas aprons similar to those worn by carpenters. Blazoned on the front of these aprons in large letters is this legend: "State Bank of Faribault Auction Service." The aprons have large pockets for carrying change, pencils, etc.

"As a special service to our auction sales clients," said Mr. Carlander, "we advertise the sales over our Faribault radio stations two or three times before the sale date and also on the day of the sale. These spot announcements consist of about 200 words—and of course we do not overlook the statement that the 'State Bank of Faribault is clerking the sale.' These announcements have two results. First, they build goodwill among our customers because they prove we really want to cooperate in making their sale a success, and secondly, they publicize our banking service."

At regular intervals, Mr. Carlander sends handbills or dodgers to all rural customers served by the Faribault post office. These bills cite five reasons why the bank considers its auction service superior to that offered by a non-banking firm specializing in clerking auction sales.

## Record Keepers Guests of Bankers

ABOUT 70 of the more than 140 Ohio farmers who have kept farm records and turned them over to the Extension Department of Ohio State University for 15 years or more were guests at a recent dinner at the University, given by the agricultural committee of the Ohio Bankers Association.

"The association, in cooperation with the Agricultural Extension Department, has published and distributed farm account books for well over 25 years," says *The Ohio Banker*, "and University officials felt that it would be highly desirable to give recognition to the farmers who had kept records and made them available to the department over long periods. The data accumulated from these records and tabulated at the Uni-



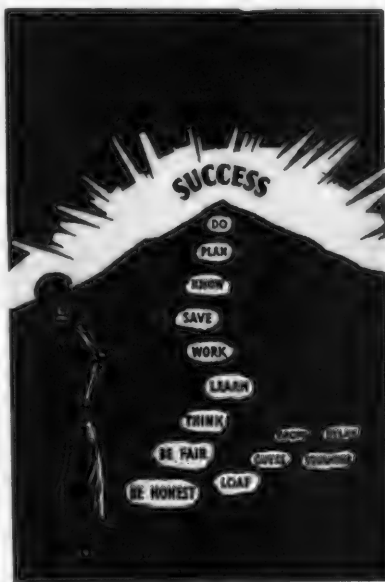
Dean Rummell presenting award to James B. Krauter, Bucyrus, who has kept farm records for 22 years

versity is of great value in various respects."

This was the first dinner given by the OBA, but the response was so enthusiastic that it is anticipated that others will be held in the future. The dinner was followed by entertainment and speakers of prominence. Edison Hobstetter, agricultural committee chairman and president of The Pomeroy National Bank, was toastmaster. Dean L. L. Rummell, of the College of Agriculture, presented certificates to all farmers present who had kept accounts for 15 years or more.

Seventeen of the men present had kept accounts for more than 20 years. The veteran of the group is in his 30th year of record keeping.

Cover page of Alabama's manual on banking for farm boys



## Banking Manual for Farm Boys

**Y**ou Can Bank on This—a manual on banking for farm boys—was a cooperative community project financed by the agricultural committee of the Alabama Bankers Association. It presents, in simple style, information young people should have in order to care for their finances properly.

This 50-page booklet is broken up into nine chapters. The first chapter, "Everybody Needs Money," traces the development of money from the barter system, and thereafter takes up the function of banks, starting with a chapter entitled "Tin Can or Bank." Other chapter titles are: "Just Give Me a Check"; "The Bank Is My Bookkeeper"; "Borrowing Money—Good or Bad?"; "Money Now—Repay Later"; "Paying Off the Mortgage"; "Finances of a Bank"; and "Let's Try It Out."

P. S. Jackson, chairman of the committee on agriculture, Alabama Bankers Association, in a foreword in the form of an open letter to farm boys, explains the purpose of the manual.

"Our thought in developing this manual," he said, "was to write in plain language an outline of the everyday practices a person should know in order to be most accurate in keeping up with his money."

"As we all know, working and thinking that you are earning money is one thing; and knowing that you are earning money, and keeping up with it is another. This is necessary in all successful business."

Mr. Jackson is president of the Peterman State Bank.

The manual was written by J. E. Moreno, director, agricultural division of the Alabama State Chamber of Commerce and was edited by the Alabama Vocational Agricultural Education Department and the Extension Service of Alabama Polytechnic Institute.

## Bank Buys Prize Steers

**S**even prize-winning steers were bought at auction by the National Bank of Tulsa, Oklahoma, at the conclusion of the National Tulsa Livestock Show for 4-H and Future Farmers of America members. The bank paid an average of more than 40 cents a pound for the top-place steers, as against the market top on prime steers of 27 cents a pound on sale day.

The bank feels that it is warranted  
(CONTINUED ON PAGE 102)

# CCC Price Support Program Denies Banks Fair Compensation

SINCE the inception of the Commodity Credit Corporation by the Government, banks have consistently cooperated with the Corporation to provide the funds necessary for an orderly marketing of agricultural products. In setting up the program for Commodity Credit Corporation loans, the banks have been represented by the Agricultural Commission of the American Bankers Association.

During the war years, banks sought to encourage farm production and cooperated with the CCC in supplying funds for the price-support program at a low rate of interest. Since 1940, the interest rate on such loans has been 3 percent per annum to the farmer-borrower. This 3 percent interest is divided equally between CCC which guarantees the loan and the bank which makes and handles the loan. For several years, the costs of banking operations have been increasing, until today the 1½ percent return received by the banks has in some cases been insufficient to pay the expense of making and servicing the loans.

For this reason, the Agricultural Commission of the American Bankers Association has been giving considerable study to this interest rate situation and has been negotiating with the Commodity Credit Corporation for a new division of the 3 percent interest rate between the CCC and the banks.

Even though in recent years the banks have not received proper remuneration for handling these loans, they have continued to make them as a service to their farmer-customers. Approximately 4,000 banks the country over have entered into a lending agency agreement with the CCC. As of January 1, 1949, insured commercial banks held \$885-million of these loans guaranteed by the Commodity Credit Corporation. This total compares with \$65-million in CCC loans on January 1, 1948, and \$44-million on January 1, 1947. Until this year, there has been a small volume of these loans because the market for farm products absorbed all the farm production available at price levels above the CCC price-support program. See table at right.

At the Agricultural Commission's annual meeting in Kansas City, Missouri, in March 1949, it was recommended to the board of directors of the Commodity Credit Corporation that:

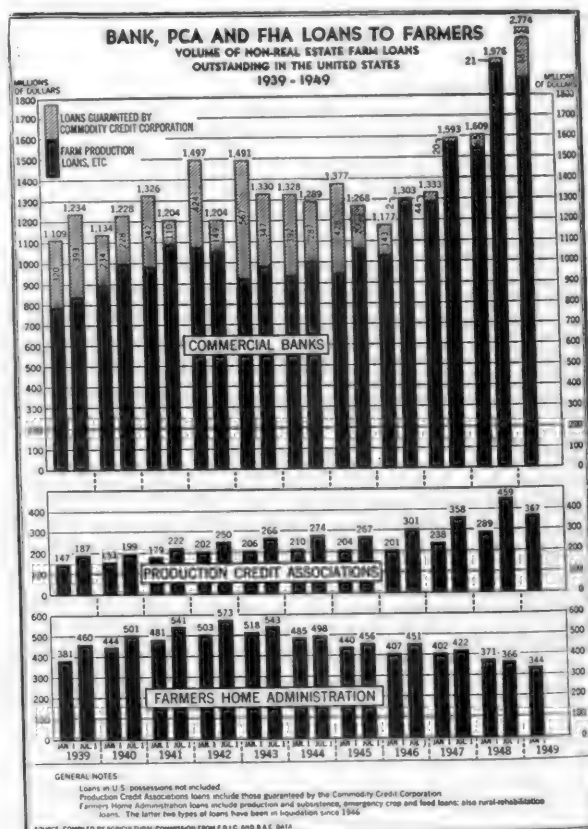
- (1) A sliding scale of interest rates be adopted for CCC loans depending upon the size of the loan. This would recognize the initial cost to the bank of putting the loan on the books, as distinguished from the costs used by the bank in making the loan. The Commission recommended that the rate be increased to 2 percent and upwards on a sliding scale to 2¾ percent.
- (2) Purchase agreements, made between the farmer and the County Agricultural Conservation Committee, be made assignable.
- (3) A custodian agreement be set up whereby the banks may retain loan papers in their file and service the loan. This agreement to provide for retention of the papers and servicing by the bank until the farmer pays the note in full, or until he elects to have the CCC take over security.

The board of directors of the Commodity Credit Corporation, after considering the request of the Agricultural Commission of the A.B.A., notified the Commission that the 1½ percent rate to the banks would continue, and, in addition, purchase agreements would not be made assignable as recommended. The request that custodian agreements be set up was acted upon and the CCC is willing to make such an agreement with individual banks only on condition, however, that the banks purchase collateral security of either Government bonds or surety bonds. The purchase of this collateral is to guarantee delivery of the loan papers and the payment of such bonds to the CCC as the farmer repays the loan.

The Agricultural Commission has protested the pledging of collateral security by the banks and the officers of the Commodity Credit Corporation have assured the Commission that it would reconsider the necessity of pledging collateral.

As the matter now stands, a bank that is willing to pledge collateral security may enter into an agreement with the Commodity Credit Corporation with respect to loans on many farm commodities. However, it is hoped that this

(CONTINUED ON PAGE 107)



## A SMALL LOAN STARTED IT ALL

**Says Wallace Bruce,  
President of the Bank  
of Ringgold, Georgia**

Banker Bruce pays Purina Dealer  
Bob Rollins a visit in his store.



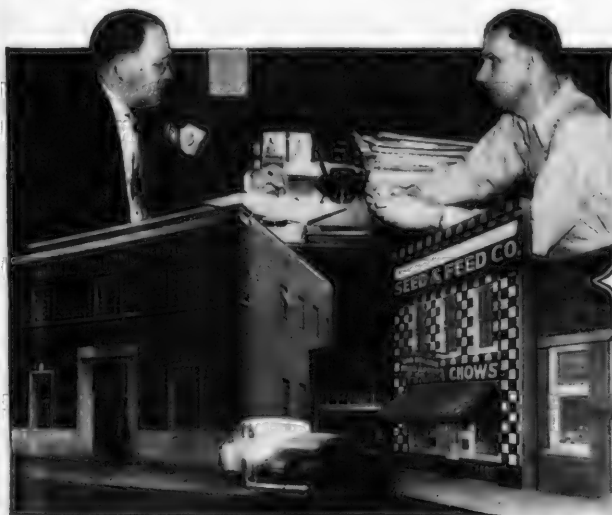
**"We helped Bob Rollins start his business... Now  
we're working together to build our community"**

In November, 1946, with the aid of a small loan from the Bank of Ringgold, The Bob Rollins Seed and Feed Company opened its doors. Rollins was the new Purina Dealer in Ringgold, Georgia.

Bob Rollins set out to sell to the farmers of his trade area—largely broiler producers—a better feeding and management program. And he did just that. Soon more of them were

realizing a surer, sounder income—went to the bank for loans to increase their operations. "Now," says Banker Bruce, "many of them have loans from us for home improvements. Three-fourths of our loans are agricultural."

Oh, yes, Bob Rollins made enough his first year to pay off his loan. And his friendship with Wallace Bruce has paid off for them both—and their community.



### OPPORTUNITIES IN YOUR COMMUNITY

There are new opportunities for community building in your town, too. Why not make it a point to talk over the poultry and livestock possibilities of your area with your Purina Dealer soon?

If you do not have a Purina Dealer in your town now, perhaps you, like Banker Bruce, may help a young man get started as a Purina Dealer. Find out about the opportunity the Purina Franchise offers. Purina Chows for livestock and poultry and Purina Sanitation Products are distributed from 22 strategically located plants and bear the Checkerboard label... rural America's best known trade-mark.

For Purina Franchise opportunity information, write to Dept. C,

**RALSTON PURINA COMPANY**  
1605 Checkerboard Square • St. Louis, Mo.

# The Investment Market

Governments—Other Securities

## Government Bonds

*This article, replacing our usual monthly feature on Government bonds, was written by LAWRENCE STAFFORD, Washington writer for BANKING, and examines the question of how deficit financing might affect the Government bond market. Mr. STAFFORD's regular monthly article is on page 42.*

A BUDGETARY deficit would be bad news as far as business sentiment goes, but how would it affect the Government bond market? This question was put to several market authorities close to Government financing operations in Washington and the feeling was that deficit financing would not have any adverse effect for a while at least.

The consensus might be described this way:

The first thing to consider is the distinction between a budgetary deficit, which is an accounting proposition, and a cash deficit. Thus the latest official estimates were that the Government in fiscal '49 would take in \$2,790-million more in cash than it pays out, and that in fiscal '50 the cash surplus would amount to \$1,475-million.

So long as the Government is taking in more cash than it is spending, it obviously will not have to resort to the bond market to finance Federal activities.

There is a further factor—that sales of Savings Bonds are

## June Financing

On May 13 the Treasury offered 1-year  $1\frac{1}{4}$  percent certificates in exchange for all of \$5,315,135,000 in bonds and certificates falling due this month.

An Associated Press dispatch, printed in the *New York Times*, stated that "the announcement ended hope in some financial quarters that the Treasury would offer for the first time in postwar years a 5-year note paying perhaps  $1\frac{1}{2}$  to  $1\frac{3}{4}$  percent interest.

"The announcement showed the Treasury had discarded ideas of trying to shift into 5-year notes some of the huge sums of debt which it keeps outstanding for as few as 90 days at a time."

substantially ahead of redemptions. Currently this factor not only relieves the Treasury of resort to the money markets, but makes possible a curtailment of marketables. So long as this trend continues, this is a second source of funds which could be supplied without resort to public borrowing, in the case of a deficit.

Bank loans are declining in rather large volume. With the contraction of loans, banks are placed in funds which they must invest somewhere. The banks' funds were further augmented to the tune of \$1.2-billion by the spring reduction of reserve requirements. To the degree that any of the additional reserves sequestered last September are released, the banks will have just so much additional funds seeking investment outlets.

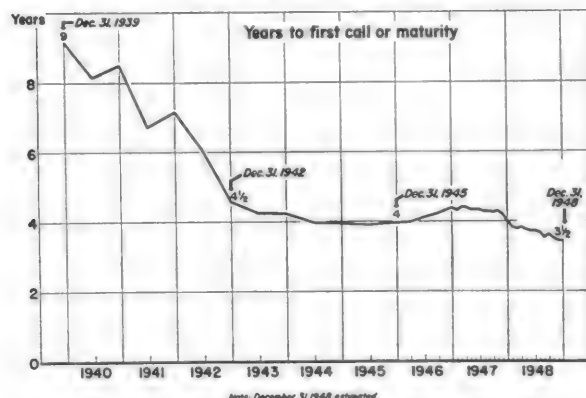
Thus the combination of the three factors—cash surplus, bank need for making investments, and the net excess sales of Savings Bonds—indicates that for the "foreseeable future," to use the phrase that has become so beloved, the outlook is for investors to seek rather than to sell Governments.

There is a matter of timing in all this. Even supposing that Congress adjourns without making those cuts in expenditures, or fails to raise such prospective revenues as would indicate the expectation of a budgetary surplus, the cash surplus will remain for a time. It probably will remain for the balance of calendar '49 in any case, perhaps for longer.

If the downward readjustment in business becomes so pronounced as to accelerate the decline in Treasury receipts,

(CONTINUED ON PAGE 70)

AVERAGE LENGTH OF GOVERNMENT SECURITY PORTFOLIOS: COMMERCIAL BANKS....



# FIELD WAREHOUSING

## Warehouse Receipt Loans Against Inventory

A safe solution of the problem of lending where inventories are a substantial part of assets. Our Field Warehouse Service enables you to make Warehouse Receipt Loans against raw materials or finished products stored right on your customers own premises . . . it gives you inventory control.



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## New York Terminal Warehouse Company

25 SOUTH WILLIAM ST., NEW YORK 4, N. Y.

# FRONTS and BACKS

The fronts and backs of your checks are recorded simultaneously—side by side on the film. More than 10,000 checks on a 100' roll.

## *The Recordak Duplex Microfilmer*



*"Recordak" is a trade-mark*

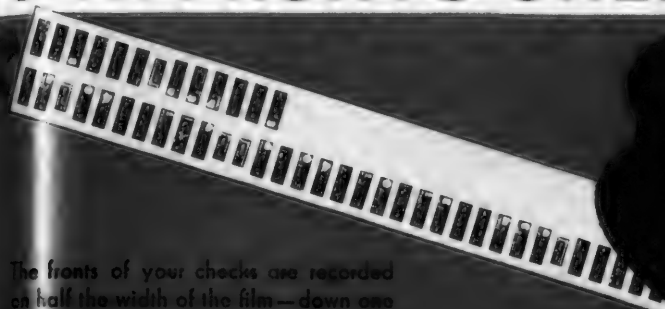
Learn in detail how the new, versatile Recordak Duplex Microfilmer is saving time and dollars in the country's leading banks. Write to Recordak Corporation (Subsidiary of Eastman Kodak Company), 350 Madison Ave., New York 17, N. Y.

# **RECORDAK**

*(Subsidiary of Eastman Kodak Company)*

originator of modern microfilming — and its application to banking systems

... or **FRONTS ONLY!**



The fronts of your checks are recorded on half the width of the film—down one side up the other. More than 20,000 checks on a 100-ft roll.



*records your checks EITHER way*

**with maximum film economy!**

**HERE'S THE SECRET**—the Recordak Duplex Microfilmer accommodates two film units which can be interchanged in a minute or less to meet varying requirements.

Using one film unit, you record the fronts and backs of checks simultaneously—side by side on the film. *The method generally employed in transit operations* . . . since it's the fastest way of getting a complete check history.

Using the other film unit, you record the fronts of checks or statements on half the width of the film . . . down one side, up the other. The most economical method when just a record of the fronts is needed.

In either case, you get maximum film utilization . . . because your documents are photographed at tremendous reduction—recorded the same size as the images shown above. Tiny images, to be sure, but they can be read conveniently when enlarged in the Recordak Reader.

*Your records are classified:* Since your two types of records—fronts and backs . . . or fronts only—are on separate film rolls . . . they can be filed in different departments. An important advantage, for it assures faster, more convenient reference!

**NOTE:** Should you be interested in only one type of film unit you can obtain it as standard equipment. If you desire both for all-purpose use, there is a low additional rental charge.



## ADDITIONAL ADVANTAGES of the Recordak Duplex Microfilmer . . .

• It simplifies operating routine . . . does two extra jobs in the microfilming operation—

• It automatically face-stamps the word "Recordak" on each check—proof that it has passed through the machine . . . which eliminates unnecessary re-runs and film waste.

It automatically endorses checks with the Recordak Endorser\* . . . which has a unique roving stamp that staggers imprints . . . minimizing the possibility of overlapping endorsements. This unit can also be converted quickly to cancel "on us" checks.

• It cuts film-filing space requirements 60% . . . gives you three times as much information per roll of film . . . which also means faster reference.

• It accommodates the new Recordak Automatic Feeder.\* This amazingly dependable unit ends operator-handling . . . records checks at maximum speeds—fronts, or fronts and backs, depending upon the type of film unit employed.

\*optional equipment at extra rental

**NEW RECORDAK  
AUTOMATIC FEEDER**



then the same overall trend would reduce bank lending, and work toward the same condition of excess reserves and reaching for Governments as prevailed in the last previous deficit period. So if things get worse faster, that deleterious effect upon the budgetary situation will be somewhat offset by a better institutional market for the Government's issues.

Time-wise, it is obviously something for some day in the calendar year 1950 at the very earliest, before even a bad budgetary situation would wipe out the cash surplus and the surplus sales of E bonds, and hence lead to the Treasury's once more coming into the financial markets for net new borrowings.

This is the view of what might be described as the technicians in Government. While contemplating with no equanimity the prospect of an era of budgetary deficits, they can see no signs of trouble on the horizon of the Government bond market. The horizon is not unlimited, to be sure, and a year is a long time in these fast-moving times.

What thinking there is in Congress about a deficit is pessimistic. But probably while viewing with apprehension the effect of a deficit in these times upon public confidence, those who are budget-minded are not steeped in the technicalities of the mechanisms at hand.

One of those mechanisms is the peg. So long as the Federal monetary managers wish it—at least for a very, very long time—even an impairment of confidence in the future of Government finance would take a long time showing up.

People generally, perhaps, are more inclined to lose confidence in Governments when their prices fall, and particularly when they fall below par. They are less inclined to be worried by the abstraction of deficit financing. So with the Treasury and the Fed pegging, any tendency toward softening prices, being met by purchase operations, would keep the value of Treasury bonds for a long time from ever getting to be a sufficiently sensational news story to divert attention, as it were, from the sports pages.

Those who think in these terms are institutional investors. It will be a long time before they, committed as they are to

investment in Federal issues, will seek to test the strength of a peg whose strength they know and can appraise from time to time.

As for the prospect of a deficit, this may become more and more a topic of discussion. The situation, as seen privately by the most responsible fiscal observers in various branches of the Government, is something like this:

With revenues deteriorating as a consequence of declining earnings and income, a deficit of some substantial proportions might seem to be a reasonable prospect for fiscal '50—unless.

### If Taxes Are Raised

One of the first of the "unlesses" is unless Congress raises taxes.

Congress is disposed to fight shy of raising taxes not merely because such a thing is unpopular with the voters. Their hesitancy is increased by the business outlook. They frankly fear that higher tax burdens might change the prospect from one of "readjustment" to one of recession.

Thus higher taxes might actually, by bearing down on business psychology, defeat their objective of producing a greater revenue take.

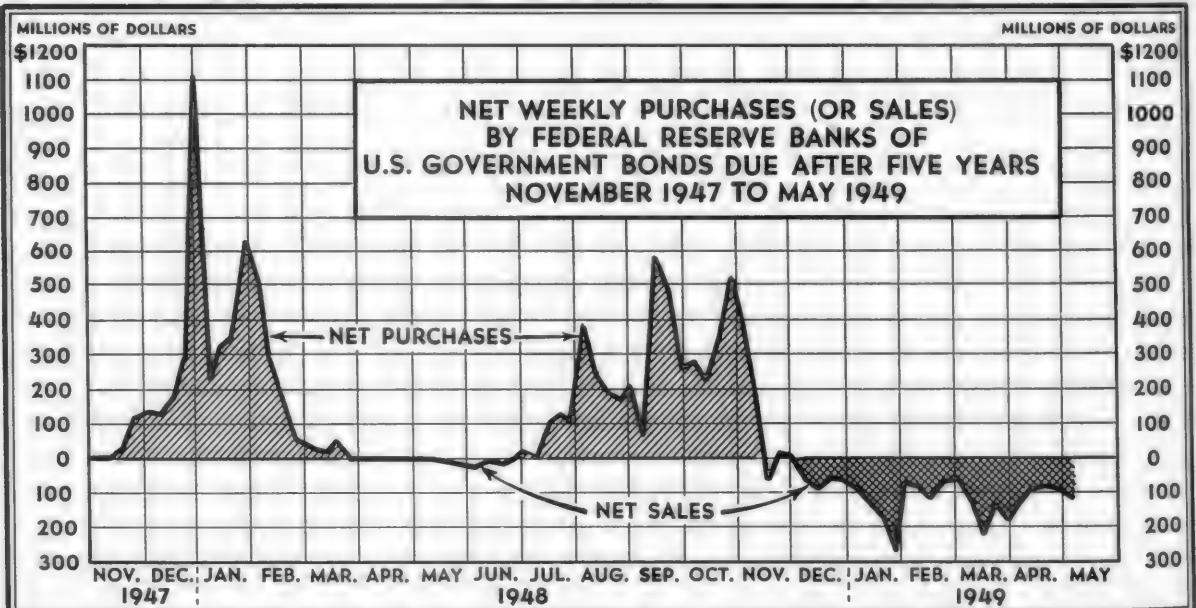
There is the further worry that, while risking the relatively comfortable state of the economy, higher taxes might actually fail to do the job of preventing a deficit. Thus, for example, the pressure for cutting down on the high wartime excises, in the case of a general tax bill, would be terrific. It would be a vote-getting appeal hard to resist.

So the net might be a substantial increase in the burdens of business and the middle and upper income taxpayers, offset in part by a dropping of the excises.

In such case the net additional revenue might be very small and it could very well fail to achieve the objective of balancing the budget.

Under these circumstances, a tax boost would be a futile gesture, to use a wealth of understatement.

There is, of course, another obvious alternative. That is economy. It may work out in the end that, seeing the two alternatives of deficit financing or higher taxes bearing down



on business, Congress might for the first time tackle in earnest a drive to cut expenditures.

Economy is probably tougher to achieve politically than higher taxes. Obviously 5 percent cuts in administrative expenses won't do the job. The cut has got to be in the subsidies of all kinds for millions of recipients, if either horn of the twin dilemma of higher taxes (with poorer business) or a deficit is to be avoided.

This particular Congress, despite turning away from the one-stage shift into the welfare state, in effect recommended by the White House, probably nevertheless will have added \$1-billion in annual, almost long-term subsidies before it

finally gets through, in aids to education, in various housing aids, in increased social security benefits, and so on. All these, it is noted, are just a small "yielding" to offset the more glamorous, expensive things of Mr. Truman.

So putting it all together, there is a great fear in Congress that economy might achieve a little, but not very much, that, faced with the dreaded political and economic consequences of a tax boost, Congress might just skip it. Enter an era of deficit financing.

Maybe these are just the worst prospects. Right now very few people can know for sure.

## Other Securities

H. EUGENE DICKHUTH

*The author is a financial writer on the New York Herald Tribune.*

THE equity markets have continued in an extremely depressed state, which so far has defied explanation by the experts. One of the few bright spots has been the steady growth in the sale of investment company shares, both by the trusts themselves and by an increasing number of stock exchange firms.

In some mutual funds, sales of shares to the public through member firms now account for nearly 40 percent of the total, or almost double the percentage prevailing four years ago. There are now about 90 open-end mutual investment companies with assets of more than \$1,500-million and their stockholders are estimated at about 800,000 individuals.

Some of these mutual funds are so-called diversified common stock trusts, while others are known as balanced funds, having in their portfolios both common and preferred shares. In addition, there are special purpose funds which specialize in investing in specific industries or groups. One of the most recently formed investment companies in this category confines its investments exclusively to television securities.

A modification of instalment purchases of securities, so prevalent in the Twenties, has also made its appearance in the investment field again. One prominent management firm, announced a new plan "for the systematic purchase of income-producing securities."

Under this proposal, an investor makes an initial minimum commitment of, say, \$500 and subsequent voluntary monthly payments of as little as \$50 against purchase of certain investment company shares. This is the newest merchandising plan.

However, investment companies are no longer confined to what may be called the retail field. An increasing number of states have passed legislation—the latest addition is New Hampshire—and have made shares of investment trusts legal trust investment.

Some safeguards of state laws are, for example, that the companies must either be regulated under the Investment Company Act or they must comply with certain state standards. The fact is, however, that the investment trust industry is re-emerging as an important factor in the investment markets, both as a buyer and seller of securities of all types.

While the open-end mutual funds are constantly selling their shares to the public, the closed-end companies are also important operators on the exchanges in their portfolio adjustment operations. The open-end and closed-end groups today have total assets of more than \$2.5-billion.

Outside of investment company trading and selling activity, the equity markets have been extremely dull and this, in turn, has had a very depressing effect on raising of new capital. It is this particular cause and effect relationship which has become of utmost concern and a problem of national importance.

It boils down to this. During the next five years industry plans on spending about \$55-billion on improvements and normal growth. By 1960 there are going to be 10-million more people in the United States and the entire population will live longer.

Many industries are thinking of this and are laying their plans accordingly, particularly those groups, like utilities, which require years for building and installation of generators, power plants and servicing of communities.

This growth and improvement program has to be financed, and long experience shows that new issues cannot be sold when the volume and price levels of established stocks are falling.

It may be interesting to note that in the last few years the percentage of all new capital raised by stock issues has dropped from more than 50 percent to less than 20 percent, and, in the last three years, the volume of transactions in the public securities markets has declined more than 30 percent, with average stock prices substantially lower than they were three years ago.

It is this dilemma which is disturbing economists, industrial executives, who will require financing, and also investment bankers and underwriters, who will have the responsibility of buying and distributing securities.

Unfortunately, there is very little that can be done. There are justified complaints that the capital gains tax is discouraging investors and that other regulations are also impeding trading. On the other hand, margin requirements have just been reduced from 75 to 50 percent, and this has had no perceptible effect on the markets, although the regulation was regarded as prohibitive by many.

How to stimulate securities is the prime topic of discussion in many quarters. It is now generally recognized that the

(CONTINUED ON PAGE 104)

# BANK LAW NEWS

## Income Tax • Checks

### INCOME TAX DEDUCTION

**Charitable gift is made when check is delivered, not when it is cashed.**

WITH six judges dissenting, the U. S. Tax Court has held that a taxpayer is entitled to an income tax deduction for the year in which he gives a check to a charity, rather than for the year in which the check is cashed. This reverses a ruling of the Commissioner of Internal Revenue, based on what was considered an established tax rule, that a taxpayer who, in the latter part of 1942, gave a check to a charitable organization, was not entitled to deduct the amount of the check in his 1942 income tax return, since the check was not cashed until January 1943.

The dissenting judges maintained that a gift is not complete so long as the giver retains power to revoke it, that a gift by check can always be revoked prior to the time the check is cashed and, therefore, that the gift was not complete until the check was cashed.

The majority felt, on the other hand, that when the check was paid by the drawee bank, payment "related back" to the date of delivery of the check. *Estate of Spiegel*, 12 T. C.—, No. 70, March 31, 1949. *P.D.*, Checks §§9:1, 11.

### CHECK AS PAYMENT

**Corporate property is transferred when check is cashed, not when it is delivered.**

In another case dealing with the effect of delivery of a check, Washington's supreme court has held that the giving of a check within the four months preceding application for appointment of a receiver for the drawer is not a preferential transfer under the state's bankruptcy act, but that cashing of the check is.

On October 30, 1946, a packing corporation drew a check payable to one Steve Lone. The check was not delivered until the last week of December 1946, and was not cashed until January 25, 1947. On May 9, 1947, application

was made for appointment of a receiver for the company. The appointment was made and the receiver thereupon sued Lone to recover the amount of the check.

The court granted that the parties to a transaction may agree that the giving, rather than the cashing of a check, will constitute payment of a debt, but pointed out that it was not "primarily concerned with the date when Lone received 'payment' for his corn," but rather with the date when "property of the corporation was diminished by a transfer of corporate property to Lone."

Regardless of whether delivery of the check constituted "payment," said the court, it effected no delivery of corporate property to Lone "other than a piece of paper by means of which in the future he could secure some of the corporation's money, if the corporation did not in the meantime stop payment of the check and if the corporation had sufficient funds on deposit at the time the check was presented for payment." But, the court held, when the check was cashed, that was another story; corporate assets were transferred and a preference occurred. *Stern v. Lone* 203 P.2d 1074. *P.D.*, Bankruptcy §§1:1, 6; Checks §§9:1, 11.

### NOTICE OF DISHONOR

**Failure to give notice of dishonor does not discharge drawer of check.**

A statute can be interpreted to mean what it says or what a court wants it to mean. A recent decision of Kentucky's supreme court illustrates the latter type of interpretation.

The Uniform Negotiable Instruments Act, §185, provides that, "A check is a bill of exchange drawn on a bank payable on demand. Except as herein otherwise provided, the provisions of this Act applicable to a bill of exchange payable on demand apply to a check." A bill of exchange is a negotiable instrument, and §89 of the act provides that, "Except as herein otherwise provided, when a negotiable instrument has been

dishonored by nonacceptance or non-payment, notice of dishonor must be given to the drawer . . . and any drawer . . . to whom such notice is not given is discharged."

In an action before the court, it was argued that, it not being "otherwise provided" anywhere in the act, these two sections mean that the drawer of a dishonored check is discharged from any liability on the check if he is not given notice of the dishonor.

The court agreed that the two sections seem to imply just that. "However," it said, "the several provisions of the Negotiable Instruments Act stand in pari materia and must be so construed as to give each a field of operation to effectuate the legislative purpose." Thereupon the court quoted §186 of the act, dealing with delayed presentment: "A check must be presented for payment within a reasonable time after its issue, or the drawer will be discharged from liability thereon to the extent of the loss caused by the delay." By enacting §186, said the court, "it is clear [sic] that the Legislature intended to place the drawer of a bill of exchange and the maker of a check on a different plane as to notice of dishonor. . . ."

The court then held in effect that the draftsmen of the Uniform Act intended that §89 should apply only to bills of exchange other than checks, forgot to say so, and also forgot to "otherwise provide" for notice of dishonor of checks. And then the court turned to that part of the act which says that the rules of the old Law Merchant govern all cases not specifically provided for in the act. The Law Merchant provided that a drawer who did not receive notice of dishonor was discharged only to the extent of his loss, if any, and that, said the court, was the proper rule to apply.

If the court's reasoning seems obscure, it is only fair to say that the chairman of the group responsible for drafting the Uniform Act was equally obscure half a century ago when the

(CONTINUED ON PAGE 74)

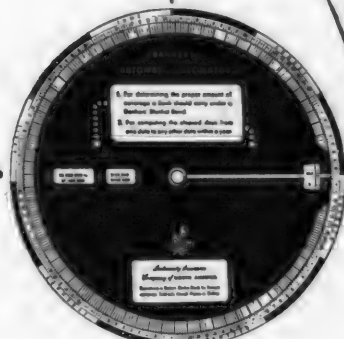
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Three B's aren't enough!

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## Bank Law News

(CONTINUED FROM PAGE 72)

provisions of §89 were criticized and he, attempting to justify the section, invited the courts to interpret it to mean what it did not say. Apparently the Kentucky court, after all these years, merely seized its first opportunity to accept his invitation. *Arterburn v. Wakefield*, 217 S.W.2d 203. P.D., Pre-sentment §13:4.

### "I.O.U."

**An "I.O.U." is a mere acknowledgement of a debt, not a negotiable note.**

A signed instrument reading merely,

"Glenn E. Bader, April 12, 1947, I.O.U. 2165.55 for Business Expense at 4408 Arkansas Ave. (signed) . . ." is not a negotiable instrument in the District of Columbia, and there is, therefore, no presumption that it was given for a valuable consideration.

The Municipal Court of Appeals for the District points out that it is presumed, under the Negotiable Instruments Law, that a person in possession of a negotiable instrument gave valuable consideration for it. However, that law also provides that an instrument, to be negotiable, must contain an unconditional promise or order to pay a sum certain in money on demand or at a fixed or determinable future time

to order or bearer. An "I.O.U." does not comply with these requirements and is thus not a promissory note, said the court, but simply an acknowledgement of a debt. And for that reason, it was held that the party in possession of an "I.O.U." is not presumed to have given consideration for it, but must prove that he gave it. *Bader v. Williams*, 61 A.2d 637. P.D., Negotiable Instruments §1.

### STOPPING PAYMENT

**In absence of contract provision to contrary, depositor may give binding stop payment order by telephone.**

The common-law right of a depositor to stop payment of his check is outlined in a recent Tennessee decision, approved by that state's supreme court:

The relation between a bank and its depositor is not only that of debtor and creditor; the bank is also the depositor's agent and owes him the same duty of loyalty which every agent owes to his principal. The depositor has the right to draw checks, thereby giving the bank authority to pay out his funds. And, until a check is accepted, certified or paid, the depositor has the right to revoke that authority, by ordering the bank to stop payment of the check, and the bank is in duty bound to obey the order. The order may be "in writing, oral, by telephone, or in any other form" which conveys to the bank "definite instructions not to pay the check."

In the instant case, mother and son had a joint account subject to check by either of them. There was nothing in the contract between the bank and its depositors governing the manner of giving stop-payment orders. The son issued a \$500 check for the purchase of a boat, decided that the boat's condition had been misrepresented, and decided to stop payment of the check. His mother accordingly telephoned the bank "about 8:30 A.M., before it opened" and spoke to the bank's "information teller." He told her that he would put a stop payment order in effect at once, which he did, but asked her to write a letter confirming the call so that the bank would have "something to show." Then, for some unexplained reason, the check was paid when presented later that morning, at about the same time that the mother brought in a written order to stop payment.

The Tennessee Court of Appeals held that the telephoned stop order was valid and sufficient, was received by a "duly authorized agent" of the bank, was in

## DO YOU KNOW HOW TO ANALYZE A

# Trucking Firm's FINANCIAL STATEMENT?

Many banks overlook one major fact about a motor carrier's financial statement—it is a very special kind of statement.

Trucking firms have little need for working capital. They don't have seasonal fluctuations; and are required to collect all freight bills (except government and interline) within 14 days. Thus, they do not have large amounts of working funds tied up in accounts receivable. And, except for

moderate amounts of supplies, they have no inventories to finance.

However, faced with huge equipment investments, and having to constantly increase their freight capacity to keep pace with the amazing growth of the trucking industry—motor carriers today have financial aspects which you'll be surprised to learn more about.

Our free booklet gives the story in full detail—facts you'll want at your finger-tips.

Write for a free copy of "Motor Carrier Equipment Financing" for an intimate understanding of America's Major Transportation System.



**DID YOU KNOW...**

That trucks haul practically everything? There are coal, sanitation and fire trucks; light delivery trucks; milk, gasoline, fuel oil and alcohol trucks; trucks for household goods; lumber trucks; oil field haulers; even the truck that transported the 200-inch reflector to Mt. Palomar!



**THE AMERICAN TRUCKING INDUSTRY**  
AMERICAN TRUCKING ASSOCIATIONS, WASHINGTON 6, D. C.

no way dependent upon receipt of the written order, and that receipt of the written order did not constitute a waiver of the telephoned order. The bank, in paying the check, was guilty of a breach of duty to its depositors, said the court, and was liable to them for the amount of the check. Third Nat. Bank v. Carver 218 S.W. 2d 66. P.D., Stopping Payment §§1, 4.

### GUARANTY OF SIGNATURE

**Bank not liable for expense of defending corporation from claim that guaranteed signature false, if signature proves genuine.**

If a bank guarantees a signature on an irrevocable stock power, and the signature proves false, the bank may be liable for expenses incurred in defending a suit brought by the rightful owner of the stock against a corporation which transferred ownership of the stock in reliance on the guaranty. The Appellate Court of Illinois has concluded, however, that the bank is not liable for the expense of defending a suit against the corporation by one who sought unsuccessfully to prove the signature false.

One Nolan had borrowed money from defendant bank, giving as collateral a certificate for 100 shares of A. T. & T. stock held in his daughter's name, and an irrevocable stock power signed by her. When he later ordered the bank to sell the stock, the stock power was endorsed, "Signature Guaranteed; Prairie State Bank. . . ." The stock was sold and the buyer forwarded the certificate and the power to A. T. & T., which then transferred the stock to the buyer, giving him a new certificate.

After Nolan died, his daughter sued to compel A. T. & T. to give her a certificate for 100 shares of its stock, claiming that she was the owner of the certificate pledged by her father and that the signature on the stock power was a forgery. In that suit it was held that the signature was not forged, and the daughter later conceded that it was not.

Plaintiff in this suit, having defended the prior action, under its bond of indemnity to A. T. & T., now claimed that the bank's guarantee of the signature made it liable for expenses incurred in defending any claims based on the signature's authenticity, and thus liable for plaintiff's legal expenses. As noted, the court disagreed. Indemnity Ins. Co. v. Prairie State Bank, 84 N.E.2d 338. P.D., Guaranty and Suretyship §1A:9.

Imagination is what makes some politicians think they are statesmen.



Records are made to be kept — not just any old way, but neatly, accessibly, systematically, safely. The one sure method that meets this ideal is the combination of

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Acco-binding can be used in every department of your business—for temporary or permanent filing. Simply Acco-punch your correspondence and other papers, place them over the prongs of the Acco Fasteners in your Accobind Folders and be assured that "ACCO-bound papers are SAFE papers."

Why not settle now the vital matter of record-keeping in your office for all time? Start Acco-binding and see what it saves.



Ask your Stationer to bring you this  
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ACCO Fasteners are made in 30 styles and sizes for Loose Leaf binding  
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# Other Organizations

## Central States Conference

The Central States Conference, consisting of the presidents, vice-presidents, and secretaries of 16 state bankers associations, met in Louisville, Kentucky, April 27-29, and elected the following officers for the current year: *president*, Robert E. Lee Hill, secretary, Missouri Bankers Association; *first vice-president*, Ralph Fontaine, executive secretary, Kentucky Bankers Association; *second vice-president*, J. C. Scarboro, secretary-treasurer, Colorado Bankers Association; and *secretary-treasurer*, Carl G. Swanson, secretary, Nebraska Bankers Association.

States included in the conference are Arkansas (also in the Southern Conference), Colorado (also in the Western Conference), Illinois, Indiana, Iowa, Kansas, Kentucky (also in the South-

ern Conference), Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma (also in the Southern Conference), South Dakota and Wisconsin.

Mr. Fontaine is also currently the president of the Southern Conference.

Winding up two days of round-table discussions and talks on various aspects of state association activity, the Kentucky Bankers Association and the Louisville Clearing House Association treated their guests to a tour of the Blue Grass country, which started with a "Kentucky breakfast."

## FPRA School in Chicago

The School of Financial Public Relations, conducted by the Financial Public Relations Association at Northwestern University's Chicago campus, will

hold its 1949 term August 1-13, according to Robert W. Sparks, chairman of the School's board of managers and first vice-president, Bowery Savings Bank, New York.

This will be the first full session of the two-year school, which was established in 1948 to provide a well rounded, practical background for people concerned with public relations, advertising and new business development in financial institutions. The freshman class will again be restricted to 50 students.

The schedules of the two classes each consist of 53 hours of classes plus five evening seminar meetings. Besides the two resident terms, the course includes six problems and a practical public relations project to be completed between the first and second years.

Other members of the board of man-  
(CONTINUED ON PAGE 78)

## EIGHT NEW STATE ASSOCIATION PRESIDENTS

*Left to right:* FLORIDA—W. E. Ellis, president, Commercial Bank and Trust Company, Ocala; INDIANA—Elmer W. Baumgartner, president, First Bank of Berne; NORTH CAROLINA—J. Herbert Waldrop, vice-president and cashier, Guaranty Bank and Trust Company, Greenville; LOUISIANA—William N. Louque, vice-president, National American Bank, New Orleans



*Left to right:* ALABAMA—T. E. Williams, president, Limestone County Bank, Athens; SOUTH DAKOTA—T. S. Harkison, president, National Bank of South Dakota, Sioux Falls; OKLAHOMA—George M. Reeves, president, First National Bank, Vinita; IOWA—Harry W. Schaller, president, Citizens First National Bank, Storm Lake. (Mr. Schaller was elected last fall.)



**From one banker  
to another . . . .**

“

This will indicate that on the 2nd of January we will have had an account with The First National Bank for 75 years. It may seem a long time, but I have never had an occasion to note during all these years a more pleasant relationship, and I know of no reason why this should not continue for many years more.”



Your bank is cordially invited to use The First National Bank of Chicago as *your* correspondent.

Every effort will be made by us to promote and maintain the kind of helpful cooperation that brings us letters like the one quoted above.

## **The First National Bank of Chicago**

**Building with Chicago and the Nation Since 1863**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Above is a view of the Mansfield (Ohio) Area Conference, one of six conducted during March by the Federal Reserve Bank of Cleveland. About 420 bank officers and directors, representing 156 banks in 27 Ohio and West Virginia counties, attended these six meetings

## FOREVER SERVICE



FOREVER is such a long time. Suppose we reduce it to "from now on." All right then, we can safely assure you that **Kerr CHANGEPOINT Fountain Pens** and **Perpetual Calendars** will give you "customer service" from now on. Here's why: All Kerr Pen parts are interchangeable and replaceable by the user and will always remain standardized. Hence, Kerr Pens will never become obsolete. As for the perpetual calendars, you need only to replace the date cards every twenty years.

OTHER DESIGNS IN BRONZE, CHROME, OR ALUMINUM

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(CONTINUED FROM PAGE 76)

agers are: John L. Chapman, trust officer, City National Bank & Trust Company, Chicago; Swayne P. Goodenough, vice-president, Lincoln Rochester Trust Company, Rochester, N. Y.; and Robert Lindquist, vice-president, La Salle National Bank, Chicago.

A skilled faculty of 17 members with extensive practical experience will staff the school. Teachers have been drawn from both the business and the academic fields, with emphasis placed on their practical knowledge and teaching ability.

### McDonnell Heads ARCB

William A. McDonnell, president of the First National Bank in St. Louis, heads the Association of Reserve City Bankers, succeeding William A. Mitchell, who recently became president of the Central Trust Company, Cincinnati. The association's new vice-president is Harold H. Helm, president, Chemical Bank & Trust Company, New York.

Directors elected for 3-year terms are A. E. Bradshaw, president, National Bank of Tulsa; Milton F. Brown, president, Mercantile National Bank, Dallas; George Gund, president, Cleveland Trust Company; and R. Clyde Williams, president, First National Bank, Atlanta.

Continuing in the treasurer's position is William H. Miller, vice-president, City National Bank & Trust Company, Chicago.

### Brokers Organize Association

Thomas B. Meek of Francis I. duPont & Company, New York, has been elected president of a newly organized national association of customer's brokers. According to Mr. Meek, one of the first projects to be undertaken is the encouragement of educational meetings for investors throughout the country. The association will also study and recommend changes in tax legislation and other restrictions impeding the flow of capital to securities markets.

### Indiana PR Conference

More than 140 Indiana bankers took part in the first public relations conference of the Indiana Bankers Association on April 6 and 7 in Indianapolis. The conference covered such varied phases of public relations as employee

**BANKING**

relations, customer relations, community activities, instruction of school children, advertising, and publicity.

Chairman of the association's public relations committee, which originated the program, is Willis B. Conner, Jr., assistant vice-president of the Merchants National Bank and Indiana Trust Company, Indianapolis. Committee vice-chairman and chairman of the conference was L. L. Matthews, president, American Trust Company, South Bend.

Through local bankers in college towns, the IBA invited to the conference professors and instructors from the schools of business in Indiana colleges and universities. One reason this was done was to keep college teachers abreast of developments in banking and, through them, to interest more college graduates in banking as a career.

### Savings Bank Conference

Leaders of national prominence in the fields of banking, government and housing spoke to the more than 900 savings bankers attending the 29th annual conference of the National Association of Mutual Savings Banks, May 12-14 in Washington, D. C. The opening session included addresses by John W. Snyder, Secretary of the Treasury; J. Burke Knapp, director, Office of Financial and Development Policy, United States Department of State; and William L. Maude, outgoing president of the association, and president, The Howard Savings Institution, Newark.

### Mortgage Bankers Plans

R. O. Deming, Jr., president of The Deming Investment Company, Oswego, Kansas, will be the next president of the Mortgage Bankers Association of America for the 1949-50 term, succeeding Aksel Nielsen, Denver, Aubrey M. Costa, Dallas, chairman of the nominating committee, announced here today. Nomination, through regular Association channels, is tantamount to election, which will take place at the organization's 36th annual convention at the Palmer House, Chicago, September 19 to 21.

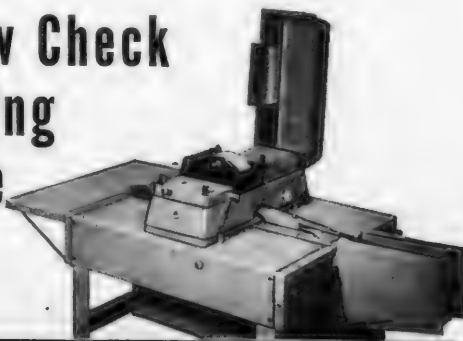
Mr. Deming will become the first man to be elected Association president whose father had previously held the same position. The late R. O. Deming, Sr., headed the organization in 1923-24, when it consisted principally of farm mortgage bankers.

June 1949



Participants in the Indiana PR conference panel. Standing is Robert H. Myers, vice-president, Merchants National Bank, Muncie, who acted as moderator. Seated, left to right, are Harold D. Cothrell, assistant vice-president, Fort Wayne National Bank; Robert E. Hall, executive vice-president, Clinton County Bank & Trust Company, Frankfort; George C. Carroll, vice-president, Merchants National Bank, Terre Haute; Robert L. Shoulty, executive vice-president, Stone City National Bank, Bedford; L. L. Matthews, president, American Trust Company, South Bend (chairman of the conference); and Leland Crawford, first vice-president, Fletcher Trust Company, Indianapolis. In the background is Charles A. Mattox, assistant vice-president, Union Trust Company, Indianapolis, who presided

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B-6-49

A Mortgage Banking Seminar, designed principally for young men entering the real estate financing field and those who have gone into it in recent years, will be sponsored by the Mortgage Bankers Association of America in cooperation with Northwestern University at the school's Chicago campus June 20 to 25.

#### IBA Savings Bond Committees

U. S. Savings Bond Committees have been set up for each of the 17 groups of the Investment Bankers Association of

America, according to Hal H. Dewar of Dewar, Robertson & Pancoast, San Antonio, president of the Association.

#### Blue Grass Bank School

The Kentucky School of Banking will open at the University of Kentucky, Lexington, Monday, June 13, and will continue until noon the following Friday, June 17.

On the first four days of the crowded schedule, classes meet hourly from 8:00 A.M. until 4, and after dinner at 6:30 there will be a daily discussion of

current affairs, speakers being, successively, Dr. H. L. Donovan, president, University of Kentucky; John Temple Graves, II, editor, *Birmingham Post*; John F. Day, correspondent of the Washington, D. C., *Courier-Journal*, and Robert L. Garner, vice-president of the World Bank.

Subjects listed in the curriculum include "The Business Cycle," "The Effects of International Trade on the Domestic Economy," "The Labor Conflict," "The Changing Money Supply," "Government Finance and the General Welfare," employee, customer, and public relations, bank costs and service charges, investment programs, internal bank operations, training in officer technique, credits, negotiable instruments, and the work of the A. I. B.

#### New York PR School

The Bankers School of Public Relations, sponsored by the New York State Bankers Association in cooperation with Syracuse University, will register its 1949 students on the campus on July 24. The resident session will last one week, closing on July 29.

#### N. J. Secretary

William K. Mendenhall has succeeded Armitt H. Coate to the secretaryship of the New Jersey Bankers Association on the latter's retirement.

Henry S. Kingman, president, Farmers and Mechanics Savings Bank of Minneapolis, is the new president of the National Association of Mutual Savings Banks



## To: Bank Officers Re: Our Industrial Development Department

Whenever you or your customers require information or other assistance relative to manufacturing or distribution in Oklahoma, we hope you will make use of the service of our Industrial Development Department.

We are in a position to supply data on such matters as plant sites, property values, taxation and legislation and to contact utilities, transportation agencies and public officials.

The service of this department is confidential.

*Leavase*  
President



# BANKING NEWS

## Committees Named For A.B.A. Convention in Frisco, Oct. 30-Nov. 2

### Information on Hotels Sent to Member Banks

Committees for the 75th Annual Convention of the American Bankers Association, to be held at San Francisco, Oct. 30-Nov. 2, have been announced by Carl F. Wentz, chairman of the General Convention Committee. Mr. Wentz is president of the San Francisco Clearing House and senior vice-president, Bank of America N.T. & S.A., San Francisco.

The official application blank and other information regarding hotel accommodations have been mailed to all A.B.A. member banks.

"San Francisco has many smaller hotels but no really large ones," said Mr. Wentz. "Consequently, the convention activities cannot be centralized in one hotel, and no one hotel is being named as convention headquarters. The general convention sessions will be held in the Curran Theatre.

"The schedule for the convention provides for A.B.A. commission and committee meetings on Sunday, Oct. 30; programs by the A.B.A. divisions on Monday, Oct. 31; and general sessions on Tuesday and Wednesday, Nov. 1 and 2.

"In addition, entertainment is being planned for delegates by the San Francisco bankers for Sunday afternoon and evening."

Special trains for delegates are being planned from the East and Southwest.

### Other Committee Heads

Chairmen of other committees named by Mr. Wentz are: *Executive Committee*, Russell G. Smith, executive vice-president, Bank of America N.T. & S.A.; William A. Marcus, senior vice-president, American Trust Company (vice-chairman); *Arrangements*, Ben C. Corlett, vice-president, American Trust Company; *Enter-*

(CONTINUED ON PAGE 82)

## American Institute of Banking Holds Its 47th Convention at Portland, Ore., May 30-June 3



Hartwell F. Taylor

Leaders in education and banking were on the program for the 47th annual convention of the American Institute of Banking at Portland, Ore., May 30-June 3.

As previously announced, speakers at the two general sessions included Evans Woollen, Jr., president of the American Bankers Association and chairman of the board, Fletcher Trust Company, Indianapolis; and J. Leroy Dart, past president of the A.I.B. and president, The Florida National Bank, Jacksonville.

Convention business included the election of new national officers, including four members of the Institute's Executive Council. Pierre N. Hauser, vice-president of the First Wisconsin National Bank, Milwaukee, has been president of the A.I.B. during the past year. The vice-president was Hartwell F. Taylor, assistant vice-president of The Bank of Virginia, Richmond, and candidate for the A.I.B. presidency, 1949-50.

J. K. Ewart, assistant vice-president, National Bank of Washington, Tacoma, was the nominee for vice-president.

The two general sessions were scheduled for May 30 and June 3. Much of the intervening time was devoted to a series of departmental and institute conferences on various phases of banking and Institute activities; to the National Convention Debate for the Jesse H. Jones Debate Fund awards; and to the National Public Speaking Contest for the A. P. Giannini prizes.



Pierre N. Hauser

Supplementing the business and educational activities of the Convention was a program of social events arranged by the Portland banks, the convention hosts. This included an outing, sightseeing trips, informal dances following the evening sessions, and the grand ball on Friday evening, June 3.

Scheduled to preside at the first business session on the afternoon of May 30 was Mr. Hauser. C. B. Stephenson, president of the Portland Clearing House Association and of the First National Bank, gave the welcoming address, followed by President Hauser's annual report and the address by A.B.A. President Woollen.

The National Public Speaking Contest for the A. P. Giannini Educational Endowment Prizes was held that evening. Francis G. Stradcutter, The Bank of California N.A., San Francisco, and chairman of the A.I.B. National Public Speaking Committee, presided.

The National Convention Debate was on the program for the evening of May 31. The subject was "Resolved, That Federal Control of Instalment Financing Should Be Removed." The presiding officer was John F. Elsbree, Rockland-Atlas National Bank, Boston, and chairman of the National Debate Committee.

The second business session, set for June 3, featured the address by former President Dart, the report of the resolutions committee, and the election of officers.

(CONTINUED ON PAGE 83)

## A.B.A. Membership at New High, 16,347 Banks; 18 Added During April

### Association Represents 97.5 Percent of Banks

The membership of the American Bankers Association reached a new record high of 16,347 on April 30, said the report of Max Stieg, cashier of the Dairyman's State Bank, Clintonville, Wisc., who is chairman of the Association's Organization Committee.

The A.B.A. now represents 97.5 per cent of the nation's banks. Its membership includes 14,264 domestic banks, 1,924 branch banks, and 159 members in foreign countries.

Mr. Stieg also announced that in 20 states and the District of Columbia, every bank is a member of the Association. These states are: Arizona, Arkansas, California, Colorado, Delaware, Florida, Georgia, Idaho, Louisiana, Montana, Nevada, New Mexico, North Carolina, North Dakota, Oregon, Utah, Vermont, Virginia, Washington, and Wyoming.

### April List

Included in the total of 16,347 are 18 institutions which joined during April. The new members are:

*Arizona*, First National Bank of Arizona, Central & Grant Branch, Phoenix.\*

*California*, Federal Intermediate Credit Bank of Berkeley; Newport Harbor Bank, Corona Del Mar\*; Tulare County National Bank of Visalia; Desert Bank, Cathedral City.\*

*District of Columbia*, American Security & Trust Company, Woodley Park Branch, Washington.\*

*Georgia*, Braselton Banking Company.

*Kentucky*, Peoples Bank of Pembroke.

*Maryland*, Citizens National Bank, Havre de Grace.

*Michigan*, State Bank of Elk Rapids; State Savings Bank, Gagetown.

*Missouri*, Citizens State Bank, Calhoun.

*North Carolina*, Piedmont (CONTINUED ON PAGE 83)

## Banks, College Sponsor Businessmen's Meeting

### June 7 Conference at Denison to Be Pattern

The small businessmen of Licking County, Ohio, have been invited to a one-day conference on the campus of Denison University in Granville on June 7 to discuss continuation of sound and profitable operations.

This meeting is cosponsored by the Newark, Ohio, Clearing House Association and Denison University in cooperation with the Small Business Credit Commission of the American Bankers Association.

Invitations to the conference were extended through the local newspapers and registrations are being accepted from the first 150 who apply.

It is anticipated that the Denison conference will be used as a pattern for similar conferences to be cosponsored by the Small Business Credit Commission in various sections of the country beginning next fall. Already a few areas have expressed interest in arranging small business credit meetings of this type.

#### The Speakers

Dr. Kenneth I. Brown, Denison president, will welcome the guests and Everett D. Reese, chairman of the Small Business Credit Commission, will outline the objectives of the meeting. Mr. Reese is president of the Park National Bank of Newark.

Morning session speakers at the Granville meeting will include John Martin, member of the accounting firm of Keller, Kirschner, Martin & Clinger, Columbus, who will speak on "The Value of Good Accounting"; Joseph Reichert, Spring-Holzworth Company, Alliance, on "Advertising and Promotion"; and E. A. Lundberg, director, architectural design department, Pittsburgh Plate Glass Company, on "Store Design As a Sales Aid."

At a noon luncheon James M. Miller, honorary co-chairman and president of the Newark Clearing House Association will preside. Mr. Miller is vice-president of the First National Bank of Newark. Luncheon speakers will be Dr.

## State Banks Report Net Profit Rise for 1948; Current Operating Earnings Gained 10.2%

Average cash dividends declared on common and preferred stock of the 9,013 state banks in the United States during 1948 amounted to \$2.90 per \$100 of total capital funds, says the 15th annual study of "Earnings and Expenses of State Banks" by the State Bank Division of the American Bankers Association.

Banks included in the study are commercial banks, loan and trust companies, private banks, and state-chartered stock savings banks.

Total current operating earnings of the state banks aggregated \$1,566,556,000, an increase of \$144,609,000 or 10.2 percent over 1947. Net profits after income taxes increased \$7,281,000, or 2.1 percent over the previous year, to a total of \$356,634,000. After the declaration of cash dividends aggregating \$145,352,000, there remained \$211,282,000 which was added to capital account.

#### Profits Up in 26 States

Net profits before dividends were shown in all of the states. Twenty-six states increased their profits above 1947.

The survey showed that current operating income from interest and dividends on securities totaled \$538,153,000 for all the banks, a decrease of \$19,527,000 or 3.5 percent under 1947. Interest and discount on loans amounted to \$694,851,000, an increase of

\$133,886,000 or 23.9 percent. This item was 44.4 percent of total current earnings. Income from service charges aggregated \$133,879,000, a gain of \$11,999,000 or 9.8 percent. Other current earnings increased \$18,251,000, or 10.1 percent, to a total of \$199,673,000.

#### Source of Earnings

The table below shows the source of earnings for state banks in 1948 and 1947 as a percent of the total current operating earnings. The shift of income from interest and dividends on securities to interest and discount on loans becomes apparent.

Source of Earnings	Percent of Total Current Operating Earnings	
	1948	1947
Interest and dividends on securities	34.4%	39.2%
Interest and discount on loans	44.4	39.5
Service charges	8.5	8.6
All other earnings	12.7	12.7
Total	100.0%	100.0%

The average earning rate on loans based on the proportion of interest and discount on loans per \$100 of loans and discounts during 1948 was \$4.50. The 1948 rate of interest earnings was slightly higher than 1947, when it was \$4.30, and in 1946, when it was \$4.00. However, the average rate of losses on loans and discounts in 1948 was 50 cents per \$100 compared with 30 cents in 1947.

#### Operating Expenses

Total current operating expenses of the state banks in 1948 amounted to \$1,023,482,000, a gain of \$85,315,000 or 9.1 percent over 1947. Salaries, wages, and fees increased \$47,279,000, or 10.3 percent, to aggregate \$508,014,000. Salaries, wages, and fees were 49.6 percent of current operating expenses.

Interest paid on time and savings deposits totaled \$146,714,000, which was \$7,424,000 or 5.3 percent more than the previous year. This is the fifth consecutive year that interest paid on time and savings deposits has shown an increase.

Other current operating expenses aggregated \$317,614,000, a gain of \$32,164,000 or 11.3 percent above 1947.

## Committees Named for A.B.A. Convention

(CONTINUED FROM PAGE 81)

*tainment*, Lloyd E. Graybiel, vice-president, American Trust Company; *Finance*, William M. Hale, executive vice-president, American Trust Company, S. C. Beise, executive vice-president, Bank of America (vice-chairman); *Halls and Meeting Places*, George J. Greenwood, Jr., vice-president, The Bank of California NA; *Hotels*, J. S. Curran, vice-president, The Anglo California Bank, Irving Manning, vice-president, The Anglo California Bank (vice-chairman); *Reception*, D. Porter Dunlap, vice-president, Bank of America; *Registration*, Charles Pratt, Jr., vice-president, Crocker First National Bank, A. F. Derre, assistant trust officer, Crocker First National Bank (vice-chairman); *Information*, Richard D. Brigham, vice-president, The Anglo California National Bank, Monroe A. Bloom, assistant vice-president, The Anglo California National Bank (vice-chairman); *Transportation*, Jackson D. Baker, vice-president, The San Francisco Bank, J. M. Fischer, assistant vice-president, Bank of America (vice-chairman).

Total recoveries and profits on loans and securities amounted to \$105,946,000, a gain of 6.3 percent over 1947.

#### Losses and Charge-Offs Up

Losses and charge-offs amounted to \$192,944,000, an increase of 60.8 percent or \$72,952,000 over 1947. Losses on securities totaled \$53,753,000, while losses on loans increased \$63,887,000. These losses of \$192,944,000 were greater by \$86,998,000 than the total recoveries and profits amounting to \$105,946,000. Deduction of this net loss from net current operating earnings reduced net profits before income taxes to \$456,076,000 or 1.6 percent under the year 1947.

Income taxes, Federal and state, totaled \$99,442,000, a decrease of \$14,625,000 or 12.8 percent.

Deducting these aggregate taxes left net profits before dividends of \$356,634,000, an increase of \$7,281,000 or 2.1 percent.

### Three on A.B.A. Staff Promoted by Council

Three members of the staff of the American Bankers Association were advanced and the earlier promotion of a fourth was confirmed by the Executive Council at its annual spring meeting at French Lick, Ind.

Lester Gibson, director of the News Bureau, was advanced to the rank of deputy manager, Eugene C. Zorn, Jr., was named secretary of the Research Council, and George B. Ward was appointed secretary of the Committee on Service for War Veterans. Thomas L. Nims' appointment as assistant secretary of the Savings and Mortgage Division was confirmed.

Mr. Gibson has been director of the News Bureau for more than 11 years. Prior to joining the A.B.A. on Nov. 1, 1937, he was for 10 years associate editor of the *American Banker*. While in that post, he also served as publicity adviser to the New Jersey and New York state banks associations. His earlier career was spent with a group of business papers in New York.

Mr. Zorn came to the A.B.A. in 1939 to do special research work. He holds a B.B.A. degree from the College of the City of New York and an



Lester Gibson

M.S. degree from Columbia University. Before joining the A.B.A. staff, he was associated with Fitch Investors Service.

Mr. Ward joined the staff last November as assistant to the director of the Customer and Personnel Relations Department. He was previously assistant treasurer of the Bloomfield (N. J.) Savings Institution.

He is a student in the Savings Management course of The Graduate School of Banking, class of 1950. He is a graduate of Rutgers University.

Mr. Nims was formerly vice-president of the Stamford (Conn.) Savings Bank.

### Institute Holds 47th Convention at Portland (CONTINUED FROM PAGE 81)

Chairmen of the Institute Conferences were: *Educational*,



G. B. Ward

Christian Ries, Federal Reserve Bank of Minneapolis, chairman, A.I.B. Educational Advisory Committee; *Women's Conference*, Miss Ellen L. Fisher, The Ohio Citizens Trust Co., Toledo, chairman, Women's Committee; *Public Relations*, Harold J. Marshall, Bankers Trust Co., New York, chairman, A.I.B. Public Relations Committee; *Chapter Administration*, Alton P. Barr, Security Savings Bank, Birmingham, Ala., chairman Administrative Advisory Committee; and Theron D. Elder, First National Bank and Trust Co., Oklahoma City, member of the committee.

### Departmental Leaders

Leading the Departmental Conferences were: *Trust Business and Investments*, William C. Way, trust officer, Central National Bank of Cleveland; *Savings*, Frank R. Curda,



E. C. Zorn

cashier, City National Bank and Trust Co., Chicago; *Bank Management and Operations*, Edwin V. Krick, senior vice-president and cashier, American Trust Co., San Francisco; *Business Development and Advertising*, David T. Scott, assistant vice-president, The First National Bank of Boston; *Credits*, George T. Newell, vice-president, Manufacturers Trust Company, New York City.

### A.B.A. Membership at New High, 16,347 Banks

(CONTINUED FROM PAGE 81)

Bank & Trust Company, Mooresville Branch.

*Oregon*, Commercial Bank of Oregon, Banks Branch.\*

*South Carolina*, Edisto Bank, Denmark; Bank of Hodges; Bank of Lexington; Congaree Bank, West Columbia.

\* Newly organized institutions

## CALENDAR

### American Bankers Association

June 20-	Graduate School of Banking, Rutgers University,
July 2	New Brunswick, N. J.
Aug. 17-19	Western Regional Trust Conference, Hotel Utah, Salt Lake City, Utah
Oct. 30-	
Nov. 2	Annual Convention, San Francisco, Calif.
Dec. 1-2	Mid-Continent Trust Conference, Drake Hotel, Chicago, Ill.

### State Associations

June 1-2	Eastern States Secretaries Conference, Wentworth-by-the-Sea, Portsmouth, N. H.
*June 3-4	New Hampshire, Wentworth-by-the-Sea, Portsmouth
*June 3-4	Savings Bank Association of New Hampshire, Wentworth-by-the-Sea, Portsmouth
June 5-7	Oregon, Hotel Multnomah, Portland
June 6-7	Utah, Sun Valley Lodge, Sun Valley, Idaho
June 8-9	Minnesota, Hotel St. Paul, St. Paul
June 9-11	Wyoming, Blackstone Hotel, Casper
June 13-14	Idaho, Shore Lodge, McCall
June 16-17	Illinois, Hotel Jefferson, St. Louis, Mo.
June 16-19	District of Columbia, The Greenbrier, White Sulphur Springs, W. Va.
June 16-18	Michigan, Hotel Statler, Detroit
June 16-19	New York, Monmouth & Essex and Sussex Hotels, Spring Lake, N. J.
June 17-18	North Dakota, Clarence Parker Hotel, Minot
June 17-18	Vermont, Equinox House, Manchester
June 18	Nevada, Riverside Hotel, Reno
June 20-21	Washington, Davenport Hotel, Spokane
June 20-22	Wisconsin, Schroeder Hotel, Milwaukee

June 23-25	Colorado, Hotel Colorado, Glenwood Springs
June 23-25	Montana, Old Faithful Inn, Yellowstone Park
June 24-25	Connecticut, Equinox Hotel, Manchester, Vt.
June 24-25	Savings Bank Association of New Jersey, Nassau Tavern, Princeton
June 24-26	Maine, Poland Spring House, Poland Springs
June 27-29	Virginia, The Homestead, Hot Springs
Aug. 25-27	West Virginia, The Greenbrier, White Sulphur Springs
Sept. 11-14	Savings Banks Association of Maine, Marshall House, York Harbor
Sept. 15-17	Savings Banks Association of Massachusetts, Wentworth-by-the-Sea, Portsmouth, N. H.
Oct. 9-11	Kentucky, Brown Hotel, Louisville
Oct. 11-12	Nebraska, Cornhusker Hotel, Lincoln
Oct. 16-17	Savings Banks Association of Connecticut, Mountain View House, Whitefield, N. H.
Oct. 17-19	Iowa, Hotel Fort Des Moines, Des Moines
Oct. 21-26	Savings Banks Association of the State of New York, Cruise, S.S. <i>Nieuw Amsterdam</i> to Nassau
Nov. 4-5	Arizona, Camelback Inn, Phoenix

\* Joint Meeting

### Other Organizations

Sept. 19-21	Mortgage Bankers Association, Palmer House, Chicago
Sept. 25-28	Consumer Bankers Association, Edgewater Gulf Hotel, Edgewater Park, Miss.
Oct. 19-22	Financial Public Relations Association, Edgewater Beach Hotel, Chicago, Ill.
Oct. 23-26	National Association of Bank Auditors and Comp-trollers, Bellevue-Stratford Hotel, Philadelphia, Pa.
Oct. 27-29	National Association of Supervisors of State Banks, Reno, Nev.

# The Executive Council Looks Ahead

**O**PTIMISM about the present and immediate future was the predominant feeling among the members of the Executive Council of the American Bankers Association who met at French Lick, Indiana, for the regular spring meeting of the Council.

This is one of the most important banking meetings of the year. The Executive Council is the governing body of the Association which meets in the spring and fall to review the Association's affairs at the mid-year point and determine or establish such policies as are required. Ninety-five of the 127 members of the Council were present. Also in attendance were 200 members of the 25 committees, commissions, and councils of the Association, which constitute its working machinery or "official family" as they are called, and which groups came to make reports of their stewardship to the Executive Council.

Notes of pessimism were to be heard here and there, but the sentiments expressed most commonly indicated that bankers still look upon the present trends as the continuation of a necessary transition and adjustment from the peaks and abnormalities of postwar unreality. Returning good health rather than deteriorating health seemed to be the diagnosis. Close observation, reasonable caution, and flexible credit policies seemed to be the treatment called for by the situation.

Meetings of the Executive Council held on Monday and Tuesday were preceded by meetings of the 25 committees, commissions, and councils on Sunday and of the Administrative Committee on Saturday.

A complete review of the activities of the Association was given in detail by reports of its 25 groups mentioned before, read to the Council by the chairman or secretary of each of the groups.

Overshadowing the meeting, of course, were the questions: Is it a recession or a depression? How far will it go and how soon will it be checked? But on that, the feeling was optimistic, as has already been indicated.

Next was: What will the Government do? Some indication was given by the action of the Federal Reserve Board in further liberalization of instalment credit terms just before the meeting opened. This was interpreted by many as a bid for more extended or permanent control over this form of credit.

It was recognized by many that the new terms can have a demoralizing rather than a helpful effect. Many of the bankers felt that the new terms are far more liberal than sound lending warrants and may have the effect of forcing sound lenders into unsound practices. The new Federal Reserve terms under Regulation W are maximum terms, but many believe that in practice they will become minimum terms; that is, while the lender is now permitted to use his own discretion up to that point, the unscrupulous lender will go the whole way and justify himself on the ground that the instalment terms he is offering are official government terms.

Of equal interest with the Federal Reserve move on instalment credit was: What will the "Fed" do about the powers granted it last summer to increase bank reserves, which

**BANKING**



President Evans Woollen, Jr., Executive Manager Harold Stonier, and Secretary-Deputy Manager Merle E. Seecman ready to launch the meeting of the Executive Council



Robert V. Fleming, chairman, Committee on Government Borrowing (Washington); W. L. Hemingway, chairman, Advisory Committee on Special Activities (St. Louis); Robert G. Taylor, secretary of the latter committee at joint session

Public Relations Council members visit informally at French Lick after a formal session to review and chart Council program



powers are scheduled to expire June 30? The answer was given subsequently, of course, in bills introduced May 5 to make these powers permanent.

Sharing interest with these questions was that of the prospects for a reduction in the cost of deposit insurance. With the Federal Reserve and the Treasury paid out and with the insurance at a billion dollars and growing rapidly, high hopes of relief have been entertained. This is a matter which will probably wait upon the disposition of the Administration's own legislative program.

Of special interest also were the recommendations of the Hoover Commission for the consolidation of the Federal banking agencies either in the Treasury or in the Federal Reserve Board. The Association has already called the attention of Congress to the fact that these agencies do not cost the taxpayers anything, and of its desire to see the central banking, deposit insurance, and supervising functions kept separate.

Hearty praise was given to the Association's leadership for the vigorous attack it made several weeks ago on the attempt of the Federal Home Loan Bank Board to obscure the characteristics distinguishing banks and Federal savings and loan associations by permitting the latter to call themselves Federal Savings Associations and their share accounts, deposit accounts. This move on the part of the Federal Home Loan Bank Board was regarded as an outstanding example of Federal bureaucratic aggrandizement.

Evans Woollen, Jr., A.B.A. president, presided over the sessions. Mr. Woollen is chairman of the board of the Fletcher Trust Company in Indianapolis, Indiana.



## Protective Front Happenings

A new approach has been made in looting night depositories by thieves who are bold enough to use the street door, or "head," to gain easy access, said George C. Bennett, chairman of the A.B.A.'s Insurance and Protective Committee, in the Committee's report to the Executive Council, and reviewed in the May *Protective Bulletin*.

"In these operations, the crooks were able to fasten a bag to the hopper or to place a 'floor' in the upper chute so as to prevent subsequent deposits from dropping into the chest," said Mr. Bennett. "In one case over a week end, the thieves' fishing tactics, beginning on Friday evening and continuing until late Sunday night, yielded 17 pouches containing \$27,000 in cash and a large number of checks."

Mr. Bennett points out, in reviewing the present scale of surcharges imposed by the United States Post Office on shipments of registered mail, ranging from 11 cents to 18 cents per \$1,000 of value, that these charges "have already forced many of the larger banks to resort to hand deliveries by their own messengers or armored car. These messenger deliveries, including armed guards, are much less expensive and quicker than shipments by registered mail. By diverting them away from the mails, the Post Office Department is, of course, deprived of one source of revenue which would help reduce its rapidly mounting deficit."

Calling attention to bills S. 1103 and H. R. 2945, which would raise the present scale of surcharges by 2 cents per \$1,000 of value, Mr. Bennett said that the Insurance and Protective Committee, in cooperation with the A.B.A.'s Washington Office, has "prepared a statement of facts which was filed with the Committee on Post Office and Civil Service in both the House and the Senate. This statement was strictly informative—a bill of particulars which neither opposes nor approves any part of the two bills."

June 1949



Head table scene at meeting of the Credit Policy Commission. *Left to right*, William A. Reckman, Cincinnati; Chairman Kenton R. Cravens, St. Louis; and Secretary Carroll A. Gunderson



Pierre N. Hauser, president, American Institute of Banking (Milwaukee) addressing State Association Section meeting. *Seated, left to right*, Secretary William T. Wilson (New York), President Paul W. Albright (New York), Vice-president Andrew Miller, Seattle

W. Randolph Burgess, chairman, Economic Policy Commission (New York), *second from left*, at left, discusses Commission program



# Food for Mind and Body at Rutgers

**O**VER at Rutgers University in New Brunswick, New Jersey, last-minute plans are in the making for the 15th resident session of The Graduate School of Banking. The larder is bulging with tons of staples, choice cuts of prime ribs of beef, Virginia ham, sea food, and fowl; a University corps of administrators is feverishly training the behind-the-scenes staff of some 400 people; and an air of expectancy hangs over the campus.

In a few days the advance guard of 65 members of the faculty and administrative staff of The Graduate School of Banking will move into the Rutgers faculty houses. Close on their heels will come 998 city and rural bankers from all sections of the United States who have registered for the 1949 two-week session. Banker-students will fill to capacity dormitories available to them on three campuses during two weeks of intensive instruction on how to do their jobs better in the fields of commercial, savings, investment, and trust banking.

While carrying on their normal duties in the day-to-day functioning of one of America's leading universities, Rutgers administrators for weeks past have cooperated with Registrar William Powers in charting plans for the transformation of university facilities from basic service requirement to what one would find in a well-managed suburban hotel.

**T**HIS has involved recruiting waitresses, housemaids, houseboys, messengers, transportation men, doctors, nurses, carpenters, and watchmen for integration into the University's skeletonized staff. The majority of these new recruits have had to be trained to do their jobs in a manner acceptable to the Rutgers and Graduate School administrators. What might be insurmountable difficulties because of the large number of new employees are avoided by teaming-up the apprentices with people who know the ropes.

The compactness of the curriculum gives students little leeway for extracurricular activities. The G.S.B. administrators, therefore, in planning the campus routine were unsparing in their efforts to see that the bankers have every possible convenience and comfort so that their thoughts may not be unnecessarily diverted from the academic fare.

Special facilities are provided for student parking, with watchmen on duty 24 hours a day to make sure that their cars, which represent a substantial investment, are not tampered with in any way.

Of the 998 students, approximately 600 live on campuses two miles from the College Avenue grounds where classes are held and meals served. Bus shuttle service is operated by the

school to transport the men back and forth from living quarters to classes and from classes to living quarters. This service continues for an hour in the morning, is resumed at lunch time, and again at the dinner hour, and at the conclusion of the evening program.

It is not an infrequent occurrence for the campus post office to handle 5,000 pieces of incoming mail a day. Each student has his own numbered mail box to expedite sorting and distribution of the mail. Aside from the employees who operate the post office, a corps of messengers attached to the post office deliver urgent mail and messages to the dormitories and faculty quarters. This messenger service is vital to the orderly functioning of the school, for many of the students are compelled to keep in close contact with their homes and banks.

Students and faculty are by no means isolated from the day-to-day happenings in the world beyond the college campus. A New York newspaper and *The Morning Milk*, the G.S.B. campus daily, are delivered to the rooms of students and faculty every morning. A group of houseboys, engaged and trained for special duty, make these deliveries. They also take the place of *valets de chambre*, handling laundry, dry cleaning, and shoeshining chores.

W. T. Elder, bursar and director of students, University College and University Extension Division; M. A. Chaffee, director, University Extension Division; and Miss Emily Post, supervisor of dormitories of the New Jersey College for Women, working under the general direction of Norman C. Miller, employ, train, and supervise personnel devoting their talents to these diverse services. Mr. Miller is dean of University College and University Extension Division of Rutgers University and is associate registrar of the Graduate School. Mr. Elder and Mr. Chaffee are G.S.B. assistant registrars.

**T**HE preparation and serving of meals receive the same careful planning at the Graduate School as do all the other student services. The G.S.B. departs from the usual practice of operating University Commons as a cafeteria by installing about 100 competent waitresses. The dining room functions with clocklike precision under the managerial direction of Mario Tondini. The term *clocklike precision* is used advisedly, for, except for breakfast, meals never run over 30 minutes from beginning to the clearing of the tables. The speed is necessary because the commons is used for after-meal meetings, assemblies, and classes. Upward of 4,000 meals a day are served to students and staff.

(CONTINUED AT BOTTOM OF NEXT PAGE)

A 1948 senior holds his own with Thesis Panel Examiners John Dalrymple, executive vice-president, Grace National Bank, New York; W. L. Gregory, president, Easton-Taylor Trust Company, St. Louis; and W. M. Backer, executive vice-president, First National Bank, Bound Brook, N. J., left. Investments class, right, listens intently to lecturer's remarks





Dr. Wright



Dr. Burgess



Dr. Smith

## Special Lecturers

**D**R. T. V. SMITH, professor of poetry, politics, and philosophy, Maxwell Graduate School of Citizenship and Public Affairs of Syracuse University, and Dr. W. Randolph Burgess, chairman of the executive committee of The National City Bank of New York, will lecture at the two general assemblies of The Graduate School of Banking, according to Dr. Harold Stonier, G.S.B. director and A.B.A. executive manager.

Dr. Burgess, a past president of the American Bankers Association, will again deliver the annual economics lecture at the first general assembly on Friday, June 24. Dr. Smith will speak at the second general assembly on Monday evening, June 27. His subject is "Where Human Nature Comes In."

Dr. Stonier also announced that Dr. David McCord Wright, professor of economics at the University of Virginia, Charlottesville, will speak at one of the economics panel sessions to be held on the afternoon of Thursday, June 23. Dr. Wright was a special lecturer at the G.S.B. last year.

**D**R. SMITH's teaching career covers 30 years at Texas Christian University, the University of Texas, and Chicago University. At Chicago he was also dean in colleges and assistant dean of colleges; in 1935 was elected to the Illinois State Senate; and was elected to the 76th Congress from Illinois.

He was a private in the United States Army in 1918 and a Colonel in World War II, serving as director of education for the Allied Control Commission in Italy, and in charge of

Democratization in Germany. He also was a member of official missions to England, Austria, and Japan. He is the author of more than 20 books and numerous works covering his chosen fields. In radio he was a founder of the University of Chicago Round Table and CBS's book program.

Dr. Wright, besides being an educator, is an author, economist, and lawyer. He is a member of the Georgia Bar, and served as attorney for the RFC; economics consultant to the National Resources Planning Board; and as a lecturer for the U. S. Army School of Military Government. He was a lecturer in the University of Virginia Law School in 1940; assistant professor of economics at the University of Virginia from 1939 to 1942; associate professor from 1942 to 1946; and professor since 1946. He has also been a visiting professor at Columbia University and the University of California.

He has contributed many articles to economic and legal journals and is the author of *The Creation of Purchasing Power* and *The Economics of Distribution*.

**D**R. BURGESS has been active in the Graduate School since its inception in 1935. In recognition of his leadership in banking, he is a member of the President's Board of Economic Advisors.

He is a former vice-president of the Federal Reserve Bank of New York and manager of the Reserve System Open Market Account. He is the author of *The Reserve Banks and the Money Market*.

Good humor and informality so evident in this dining room scene are standard practice with G.S.B. men on the Rutgers campus

Student and alumnus *esprit de corps* is irrepressible, even to the point of being infectious—so infectious, according to Joseph E. Hughes, chairman of the school's Board of Regents, that bankers are already eagerly seeking admission to the freshman classes of 1950 and 1951.

The 1949 resident session marks two numerical milestones. The school will welcome its largest student body; and the senior class, which will graduate on July 1, will be the largest in G.S.B. history.

"It is hard to explain the well-organized and daily routine at the school," said Mr. Hughes. "Only by a peek behind the scenes can you appreciate the hard work, the enthusiasm, and the sincerity that these men display in acquiring more knowledge of the banking business."

Mr. Hughes is president of the County Trust Company in White Plains, New York.

June 1949





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## Social Security Cards

### Do NOT Identify

THE misuse of Social Security cards as a means of identification is discussed in the May issue of *The Casualty & Surety Journal* by Oscar C. Pogge, director of the Bureau of Old-Age and Survivors Insurance of the Social Security Administration, Federal Security Agency.

Mr. Pogge points out that several years ago a warning was printed on the face of the card itself to this effect: "For Social Security Purposes—Not for Identification." Yet ignorance of the real purpose of the card still leads some individuals to cash checks for those who present the cards as their only identification.

"In almost every instance," writes Mr. Pogge, "the case [of fraudulent use of the card for check-cashing purposes] came to the attention of this bureau when it was reported by its businessman victim—either the businessman who suffered the loss or the insurance company which took the loss on behalf of its insured client. Checks are usually stolen in the well-known pattern—from a mailbox, a wallet, a cash register. Customarily checks may be cashed at the local bank, stores, filling stations, restaurants, etc. Sometimes when the businessman is uncertain about his customer's identity he may be satisfied by what he takes to be an adequate identification card. Sometimes, as evidence of good faith, the customer has even made some reasonable purchases. Strangely enough there are some businessmen who will rely upon the presentation of a social security card as absolute proof of identity. This is often in spite of the fact that the card may itself bear a warning against its use as identification and in spite of repeated warnings issued by the Bureau of Old-Age and Survivors Insurance in public statements in the press, on the radio and through business associations, banks, and other institutions. The carelessness of some businessmen in this respect has made it comparatively easy for some individuals to continue fraudulent use of the account number card for some time before they are apprehended."

Obviously, the older cards present the greatest hazard, since they do not bear the warning which was added to the face of the card a few years ago.

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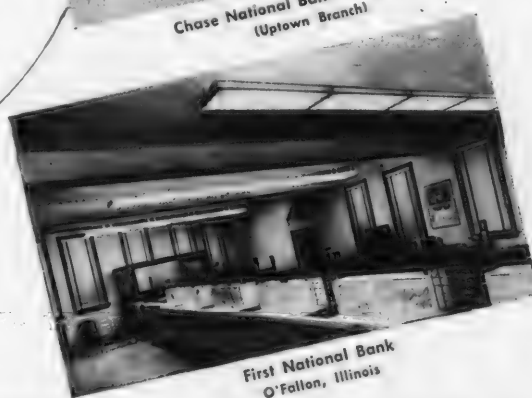
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# HEARD ALONG MAIN STREET



## Chicago Banker Decorated

**A**M. STRONG, vice-president, American National Bank and Trust Company of Chicago, has been awarded the French Government's Medal of Commercial Merit for his "contribution to French-American trade relations."

Raymond Dreux, commercial counselor to the French Embassy at Washington, D. C., in presenting the medal to Mr. Strong, cited his accomplishments and contributions to the development of international trade in general and particularly between France and the Midwestern area.

Mr. STRONG is one of 12 U. S. businessmen who have received this honor. In accepting the medal he said: "The tribute which is being paid to me today is a recognition of the remarkable progress of the Midwest in foreign trade. The progress was made possible through the coordinated efforts of our manufacturers, merchants, bankers, trade organizations, and the press."

"I am gratified that the French Government and its representatives in the United States are aware of the industrial, commercial, and financial importance of the Midwest and that they are actively promoting trade between this area and France."

## Bankers in N. Y. State Chamber of Commerce Posts

**J**AMES G. BLAINE, president of the Marine Midland Trust Company, New York, who returned recently after six months as head of the ECA mission in Belgium-Luxembourg, has been re-elected president of the 181-year-old Chamber of Commerce of the State of New York. Mr. BLAINE's successor in the ECA post is ROBERT M. HANES, president of the Wachovia Bank and Trust Company, Winston-Salem, North Carolina.

Other New York City bankers elected to chamber of commerce positions include: H. DONALD CAMPBELL, vice-chairman, Chase National Bank, vice-president; CHESTER R. DEWEY, president, Grace National Bank, chairman, Committee on Arbitration; WANDELL M. MOONEY, vice-president, Chemical Bank & Trust Company, Executive Committee member at large; J. LUTHER CLEVELAND, chairman, Guaranty Trust Company, Committee on Finance and Currency; THOMAS R. COX, president, Broadway Savings Bank, and HOWARD VULTEE, vice-president, Marine Midland Trust Company, Committee on Education; JOHN I. DOWNEY, vice-chairman, Bank of New York and Fifth Avenue Bank, Committee on Public Health and Welfare. JUNIUS S. MORGAN, of J. P. Morgan & Co., Inc., is chairman of the new nominating committee, and GEORGE C. JOHNSON, president, Dime Savings Bank of Brooklyn, is a member of that committee.

The Dallas Sales Executive Club awarded its first annual plaque honoring the "outstanding salesman of the year" to R. L. THORNTON, chairman of the Mercantile National Bank.

FREDERIC P. FISKE, president of the Montclair (New Jersey) Trust Company for the past six years, is now chairman of the board. F. SANDFORD ASTARITA, formerly vice-president, has succeeded him in the presidency. Mr. FISKE will continue as chief executive officer.

F. S. Astarita



F. P. Fiske



**J**OSEPH M. DODGE, former president of the A.B.A. and president, The Detroit Bank, landed in San Francisco on Friday, May 13, after several months in Japan on a State Department mission as financial advisor to General Douglas MacArthur. Mr. Dodge held the personal rank of minister. (See picture, page 107.)

## Headaches in Tokyo

**A** FEW of the difficulties encountered by the Property Liquidation Division of Allied General Headquarters in Tokyo were recounted in a recent letter from WILLIAM R. JOHNSTON, formerly of the Worcester (Massachusetts) Five Cents Savings Bank, and now deputy of the division.

Writing to J. R. DUNKERLEY of the A.B.A. staff, Mr. JOHNSTON says:

"The balance sheets and P & L statements submitted to us would drive the ordinary CPA to alcoholism, I'm sure. You know it's bad enough trying to unravel the figures of the ordinary American firm in trouble and you can imagine what some of these things read like."

"In the first place, they don't think as we do, and are inclined to slide over things that to us are extremely important. In the second place, inflation has driven balances on the liability side of their ledgers up to astronomical figures where yen are counted in the millions more easily than in the thousands."

"To add to all the normal confusion we are confronted with burned out and bombed out factories and inventories, rising labor costs, shortages of materials, and the typical Japanese habit of doing a second rate job of copying someone else's product and coming up with a second rate answer. Many of these firms were using German patents, and still are, and of course this means still another problem, that of licensing and

(CONTINUED ON PAGE 92)



## "The Bids Close in 45 Minutes!"

A purchaser in Philadelphia was receiving bids on a huge contract. Bids would close in 45 minutes. A supplier in a midwestern city needed a certified check to present with his bid, but was hundreds of miles from Philadelphia.

The solution? It was easy!

Fortunately, the bidder's bank was a Correspondent of The Pennsylvania Company. Over our teletype system came the message to deliver the check, charging it to the Correspondent's

account. A telephone call from our head office to a branch (one of our 19)—and in a matter of minutes our messenger was laying the certified check on the purchaser's desk.

We can give our Correspondent Banks that kind of fast service because our 19 offices cover every major part of Philadelphia and its suburbs. Drop us a line and we'll go into detail on the many ways our facilities can help your bank and your customers.

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(CONTINUED FROM PAGE 90)

controlling these patents and copyrights. Of course, during and before the war they were supplied with the German technical know-how by Germans living here. Now, however, all the Germans are back in the fatherland and these people are on their own once again and this has caused some slight confusion."

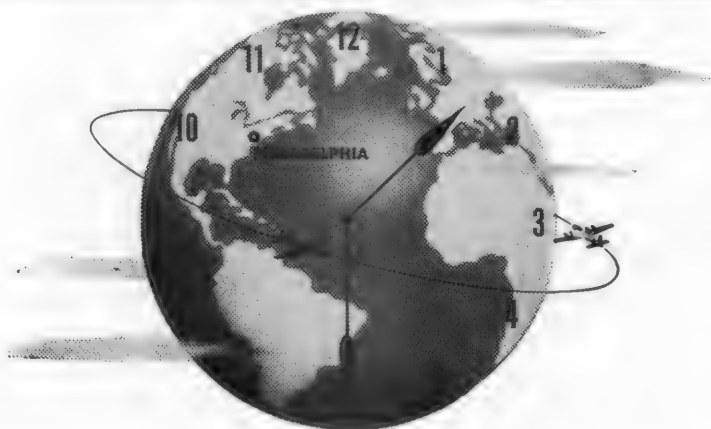
One of the Liquidation Division's units is trying to track down German assets in Japanese banks.

"You've never seen so much confusion," comments Mr. JOHNSTON. "All our requests for bank balances have to

come through the Ministry of Finance. To give you a small example of what this can mean, let me tell you that we are still looking for last November's figures. Of course when we finally get them we probably shall find that certain items do not agree and will have to go back for clarification, only to find that something has been overlooked, much to everyone's consternation and shock, of course, and we'll start all over again."

The National Bank of Tulsa has established a complete trust department which is under the direction of ROY M. HUFF, attorney, who came to the bank's

staff from the legal department of Sinclair-Prairie Oil Company. He had previously spent 17 years in trust work in Tulsa. Mr. HUFF, who has been elected vice-president and trust officer of the bank, is a former member of the Executive Committee, A.B.A. Trust Division, and a past president of the Oklahoma Trust Companies Association. Before joining the Sinclair company in 1943 he was attorney and assistant trust officer of the Tulsa Trust Company, and in 1929 became associate counsel of the First National Bank when the latter acquired Tulsa Trust through merger. He was later head of the trust department.



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### **Good Will Reservoir**

**I**n Hastings, Minnesota, a town of about 6,000 population, the First National Bank believes it has some sort of a record in the number and variety of activities in which its officers and personnel have participated in recent months.

In January, for example, V. E. WILLIAMS, assistant trust officer, was tournament director of the Golden Gloves district meet held at Hastings. FRANK HYLAND, assistant cashier and assistant trust officer, was assistant director.

Mr. WILLIAMS is secretary-treasurer of the Hastings Fire Department Relief Association and purchasing agent for the fire department; treasurer of the V. F. W. baseball team in the St. Paul Suburban League; secretary-treasurer of a control group that made an outstanding showing in a Minneapolis newspaper's contest to eradicate foxes and wolves. Mr. WILLIAMS does much of his hunting from a Cub plane.

Mr. HYLAND is city treasurer, was first president of the Hastings Junior Chamber of Commerce, is a past president of the Kiwanis Club, heads the Community Chest campaigns, and during the war was county chairman of the various bond drives.

Cashier K. L. HANSON is treasurer of a Lutheran church, the Masonic lodge, and the Kiwanis Club. Assistant Cashier A. P. SCHMITZ is treasurer of the local school board and financial secretary of the Knights of Columbus. Mr. WILLIAMS is secretary of the Masonic lodge. STAN GOVE, a clerk, is a member of several committees of the Saint Boniface Society, a church organization.

"Yes, this does take up a good deal of our spare time," comments Mr. HYLAND, "but it builds up a strong reservoir of goodwill that has helped the bank's standing in the community."

MACK A. ALDRICH, vice-president of the First National Bank in St. Louis, and in charge of the bank's business in Oklahoma, was recently commissioned an honorary colonel on the staff of that state's governor.

VINCENT VANDERVOORT, vice-president of the Paterson (New Jersey) Savings and Trust Company, has been elected vice-president of Marlow Pumps, Ridgewood, New Jersey.

The National Bank of Boyertown, Pennsylvania, recently observed its 75th birthday.

MELVIN J. STROBL has been made assistant trust officer of The Provident Savings Bank and Trust Company of Cincinnati.

New vice-presidents at the Drovers National Bank, Chicago, include FRANK M. COVERT and ROBERT LOUGH. LEO R. GRUBER is now vice-president and cashier.

The First National Bank of Merced, California, has been purchased by the Anglo California National Bank of San Francisco which is operating it as a branch. WILLIAM J. GEORGE, who was president of the First, is manager.

JOHN J. BARRY, vice-president of National Shawmut Bank, Boston, has been appointed to the advisory committee of the Boston Loan Agency, RFC. He succeeds JOSEPH A. ERICKSON, now president of the Federal Reserve Bank of Boston.

Andre J. Perry, president, First Fond du Lac (Wisc.) National Bank, below, was the eighth business and civic leader to speak over the radio there on "Big Government." A series of programs was sponsored by the Fond du Lac Association of Commerce to show how government policies affect the welfare of Fond du Lacans.



LEIGH R. GIGNILLIAT, vice-president of the American National Bank and Trust Company, Chicago, was elected general treasurer of the Chicago Association of Commerce and Industry.

WILLIAM A. DAVIS, chairman of the advisory board of the Springville office of the Manufacturers and Traders Trust Company, Buffalo, New York, celebrated recently the 60th anniversary of his association with the Springville institution, formerly the Farmers Bank. Mr. DAVIS was chairman of that bank when it merged with Manufacturers and Traders in 1946.

BEN L. TREVATHAN, formerly cashier of the Bank of Marshall County, Benton, Kentucky, was elected president, succeeding the late Judge JOE L. PRICE of Paducah.

The Delaware Blue Cross Hospital Services has appointed O. H. P. BALDWIN, vice-president of the Farmers Bank of the State of Delaware, Wilmington, to its board of trustees.

WILLIAM L. DAY, vice-president of the Pennsylvania Company for Banking and Trusts, Philadelphia, has been elected a director.

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WALLACE M. MONTGOMERY has been elected a trust officer of the Trust Company of Georgia, Atlanta.

VIRILYN B. MOORE, JR., an attorney, has been elected a trust officer of the Fulton National Bank, Atlanta.

A. D. SHACKELFORD has succeeded the late W. E. WARREN as president of the National Bank of Wilson, Wilson, North Carolina.

FRANKLIN G. BURROUGHS has been elected president of The Conway (South Carolina) National Bank. He succeeds the late W. A. FREEMAN.

FRANK L. KING, president of Cali-



W. M. Montgomery



M. R. Baty

fornia Bank, has been elected to the board of Pacific Mutual Life Insurance Company.

M. R. BATY, a general partner in Wayne Hummer & Co. of Chicago, member of the New York Stock Exchange, was elected president of the South Shore National Bank of that city.

E. G. SHINNER, who had been president and board chairman, retains the latter position. Mr. BATY is a former national bank examiner and for two years was a supervising examiner for the FDIC in Wisconsin.

The San Diego (California) Trust and Savings Bank recently observed its 60th anniversary.

VICTOR CLARK, former treasurer of The Commercial National Bank of Little Rock, is now assistant vice-president of the First National Bank in Dallas.

EDGAR A. GRADWELL, with The Meriden (Connecticut) Savings Bank for 25 years, has been made auditor.

The Provident Savings Bank and Trust Company of Cincinnati has elected JULIUS W. REIF vice-president and trust officer.

FRANK B. BOTTRILL has joined the New York agency of the Bank of London & South America, Ltd., as sub-agent. He has spent nearly 25 years in the bank's service in South American countries.

ROBERT D. MATHIAS, president of the Chicago National Bank, is general cochairman of the 1949 Community Fund campaign.

JORDAN J. CROUCH was recently made assistant vice-president in the department of public relations and business extension of the First National Bank of Nevada, Reno.

Fourteen banks of the lower Virginia Peninsula have re-activated their clearinghouse association. The president is JOSEPH E. HEALY, president of the Citizens National Bank, Hampton.

T. P. COATS, president of The First National Bank and vice-president of Stanislaus County Bank, both of Oakdale, California, has been elected vice-president of Central Bank, Oakland.

HENRY E. LEE, a vice-president of

H. E. Lee

T. P. Coats



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## THE NORTHERN TRUST COMPANY

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the National Boulevard Bank, Chicago, for the past eight years, was recently made executive vice-president.

Changes at the Delaware Trust Company, Wilmington, include the promotions of WILLARD F. HEISLER to assistant vice-president, J. ARTHUR LARSON to assistant treasurer and assistant secretary, and BRYAN S. COLBURN to assistant treasurer.

Manufacturers Trust Company of New York has promoted WALTER M. ROSS to an assistant vice-presidency.

THOMAS W. GORMLY has been made an assistant vice-president of the Peoples First National Bank & Trust Company of Pittsburgh.

A recent issue of *Pride*, a local magazine published in Syracuse, New York, features as the "Syracusan of the month" CRANDALL MELVIN, president of the Merchants National Bank and Trust Company since 1938. "The first day on the job," said the article, "he hired a carpenter to tear down the partition separating the president's office from the rest of the bank. Today finds him sitting by his desk at the entrance to the bank, where passersby on the street may wave to him, or customers stop for a chat—financial and otherwise."

ETHEL CONNER has retired after 45 years as executive officer of the Citizens National Bank of Kirksville, Missouri. GLENDON V. WEIR, formerly with the First State Bank of Greenville, Michigan, has succeeded Mr. CONNER as managing officer of the bank, with the title of executive vice-president. Mr. CONNER remains as president.

The State Bank of Malheur County, Oregon, has become affiliated with the First National Bank of Portland.

New vice-presidents at the Irving Trust Company, New York, include ARTHUR G. BOARDMAN, JR., and JAMES A. AUSTIN.

National State Bank of Boulder, Colorado, recently observed its 75th birthday.

J. HARVIE WILKINSON, JR., vice-president of State-Planters Bank and Trust Company, Richmond, has been elected to the directorate of Miller & Rhoads, Inc., a large Richmond department store.



T. P. Lynch



K. S. Nickerson

The Bronx County Trust Company, New York, announces the election of THOMAS P. LYNCH to the presidency, succeeding the late Daniel J. MAHONEY. Mr. LYNCH, who started his banking

career as a runner, was formerly senior vice-president of the bank.

KINGSBURY S. NICKERSON has left the presidency of the Pittsfield (Massachusetts) National Bank to become a vice-president and director of The First National Bank of Jersey City. He was formerly with the Chemical Bank & Trust Company, New York.

WALTER R. BIMSON, president of the Valley National Bank, Phoenix, Arizona, has been appointed to the Small Business Advisory Committee of the

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It has been our privilege to assist many companies in meeting the changing requirements of this expanding commercial treasure-house.

The vital experience thereby gained is at the disposal of your bank or customers.

**CITIZENS**  
NATIONAL TRUST & SAVINGS BANK  
OF LOS ANGELES

Member Federal Deposit Insurance Corp.

U.S. Department of Commerce. He is the only banker on the committee.

Republic National Bank of Dallas plans to erect a new bank and office building. Plans include provision for garage facilities within the main street. The bank has acquired several pieces of adjoining property, aggregating about 45,000 square feet and bounded by three main downtown streets, for slightly more than \$2-million.

A. DEE SIMPSON, vice-chairman of the board of the National Bank of Commerce of Houston, has been elected to the board of the Tennessee Gas Trans-

mission Company. Mr. SIMPSON is a member of the Commerce and Marine Commission, American Bankers Association.

The Winona (Minnesota) National and Savings Bank recently celebrated its 75th anniversary.

*The First Hundred Years* is the title of an extensively illustrated 105-page book published by the EAST RIVER SAVINGS BANK of New York to mark its centennial, which came last year. The author is Miss Dorcas Elisabeth Campbell, assistant secretary of the bank. Her chronicle, written in popular style,

pays particular attention to the East River's beginnings and its environment in the downtown New York of 1848. Important milestones in the bank's subsequent history are also covered.

## In Banking 60 Years

Bankers of southwestern Virginia and southern West Virginia honored J. B. FISHBURN, chairman of the board of the First National Exchange Bank of Roanoke at a dinner marking his completion of 60 years in banking. May 8 was the 60th anniversary of his election as the first cashier of the former National Exchange Bank.

Speakers at the dinner included Dr. FRANCIS P. GAINES, president of Washington and Lee University, and C. FRANCIS COCKE, president of the First National Exchange.

Gifts of silver were presented to Mr. FISHBURN by J. SINCLAIR BROWN, president of the Farmers National Bank of Salem, Virginia, on behalf of the Roanoke Clearing House Association, and by E. G. OTEY, president of the First National Bank of Bluefield, West Virginia, on behalf of bankers in the two areas represented at the celebration.

It's EVERETT H. PIXLEY, vice-president of the Mellon National Bank and Trust Company, Pittsburgh, who has joined the board of the Glenn L. Martin Company—and not Everett H. Fixley, as reported on page 101 of the May issue of *BANKING*. The typographical error also appeared over Mr. PIXLEY's picture. Incidentally, he's a regional vice-president of the A.B.A. Organization Committee.

FRANCIS S. BANCROFT, formerly first vice-president of the Excelsior Savings Bank, New York, has succeeded the late REGINALD ROOME as president. The bank recently had its 80th birthday.

PHILIP F. GRAY, formerly vice-president in charge of the domestic banking division of Irving Trust Company, New York, is now senior loaning vice-president of the bank. Vice-president NOLAN HARRIGAN, who has been in charge of local banking business at the main office, succeeds Mr. GRAY as division head.

F. S. Bancroft

Nolan Harrigan



**BANKING**



## 'Round The Week and 'Round The Clock Our Transit Department Works

# To Speed Your Items

**Every Night . . .** Beginning at 5:00 P. M. the night transit department of Mercantile-Commerce works to speed your items to their destinations without the loss of a day.

**Every Saturday . . .** Beginning at 8:00 A. M. a large transit department staff starts working to avoid any weekend delays. This plan is also used on Sundays.

*Just another feature of Mercantile-Commerce service to its hundreds of correspondents. YOUR inquiry is invited.*



MODERNIZATION INCREASES your revenue; safeguards your investments. More tenants are attracted and held, too. This candy store in Portland, Oregon, shows how Pittsburgh Products can give greater eye-appeal to your properties. Architect: D. W. Edmundson, Portland, Oregon.



## **Why remodeling your store properties makes them Better Revenue Producers**

By adding greater eye-appeal to the store properties held by your bank . . . by making them stand out in the community . . . you attract good tenants. Merchants realize all too well the pulling power of a store that looks smart and up-to-date. They know that that means more customers for them—more sales and greater profits.

So why not make your store properties better revenue producers? Modernize them with Pittsburgh Glass and Pittco Store Front Metal. Do it now, because, as store properties become increasingly available to retailers, com-

petition is bound to get more intense.

Remember, also, that hundreds of merchants in your locality are planning improvements on their present stores. And this means a substantial source of additional revenue for your bank. For many of them require money to carry out their programs. These are indeed sound sources for loans.

Meanwhile, send for your free copy of our booklet. It shows how all kinds of businesses have been improved through modernization with Pittsburgh Products. Just fill in and return the convenient coupon at right.

Pittsburgh Plate Glass Company  
2202-9 Grant Building, Pittsburgh 19, Pa.  
Without obligation on our part, please send us your FREE booklet on store modernization, "Modern Ways for Modern Days."

Name.....  
Address.....  
City..... State.....

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PAINTS • GLASS • CHEMICALS • BRUSHES • PLASTICS

**PITTSBURGH PLATE GLASS COMPANY**

## LAWRENCE SERVICE Now Can Protect Your Smaller Loans

**I**N ADDITION to our standard field warehousing service as conducted for 35 years, Lawrence has now opened a special "Small Business" Department.

The same efficient safeguards which Lawrence provides for your larger commodity loans are now available for loans ranging from \$25,000 down to as low as \$5,000.

This extension of Lawrence service is ready now to help improve your present loan portfolio. It opens a vast new field for profitable loan business on moderate size inventories.

A Lawrence representative is ready to confer with you or your client and explain the working of this new "Small Business" service in full detail.

## LAWRENCE WAREHOUSE COMPANY

Nationwide Field Warehousing  
DIVISION OFFICES:

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Buffalo • Cleveland • Cincinnati • Kansas City  
St. Louis • Atlanta • Des Moines • Charlotte  
New Orleans • Houston • Dallas • Denver • Phoenix  
Portland • Seattle • Spokane • Stockton • Fresno  
Washington, D. C. • Manila, P. I.

## Credit Control

(CONTINUED FROM PAGE 45)

istered and that it should be retained on a standby basis.)

Qualitative controls such as stock market credit and instalment financing are banking irritants. They interpose the judgment of a Federal bureau between the banker and his client. Whether John Smith should borrow \$500 to buy a second-hand car, whether a bank should lend such a sum and on what terms, is primarily the immediate concern of the two parties directly affected. The intervention of the FRB questions the competence of the immediate parties and presumes a superior wisdom on the part of individuals in a distant capital.

Experience with consumer credit shows that it is sound banking. It provides for a wide diversification of risk and a constant succession of maturities, both of which are desirable qualities in a loan portfolio. The borrowers are men whose credit capacity may be ascertained on the basis of proved procedures. When they default they often rehabilitate themselves and pay off their loans. The loss experience on consumer credit is substantially better than on commercial loans. The relation of instalment finance regulation to the sound performance of valid central bank functions is not readily apparent.

### Threat to Survival

The remaining quantitative control which the FRB has not been forced to share with the Treasury is the variable reserve ratio of member banks. Where qualitative controls such as instalment credit regulation are merely irritants, the power over reserves constitutes a major direct threat to the independence and survival of the privately operated banks of the country. It is also a perversion of the function which a bank reserve performs.

When the Federal Reserve Act was passed, reserves of 7, 10, and 13 percent were established for demand deposits and 3 percent for time deposits. The purpose of these reserves is to insure the minimum liquidity of bank assets and to protect banks against unusual demands of depositors for payment. These ratios were considered adequate for this purpose when the act was passed.

### A 34-year change

On June 30, 1914, the banks of the country in the aggregate had loans which amounted to 70 percent of their

THE BANK OF PERSONAL SERVICE

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hands across the continent

BRANCHES • EIGHTH AND HILL • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION & FEDERAL RESERVE SYSTEM



THIS UNIT BANK, with over \$150,000,000 in resources, would like to act as your Los Angeles correspondent... would welcome the opportunity to handle your cash and collection items...and to be of service to your customers when they come to Southern California.

**Union Bank & Trust Co**  
*of Los Angeles*

CORPORATION & FEDERAL RESERVE SYSTEM



**WIN  
NEW  
FRIENDS**  
For Your Bank

SCHOOL SAVINGS under our expert guidance makes young people and their families feel at home in your bank.

**A COMPLETE PROGRAM  
FOR BANKS AND SCHOOLS**

**SIMPLIFIED PLAN  
LOW COST OPERATION**

Consultation costs you nothing—Will save you much. Our program is designed to meet your local situation.

Write to

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An Old Organization with New Ideas

deposits. They held Government bonds, a factor in liquidity, amounting to less than 4 percent of their deposits. At the end of 1948 these banks had loans amounting to 30 percent of deposits and Government securities equal to 47 percent of deposits. Thus, with almost half of their deposits covered by assets immediately convertible into cash against only 4 percent so covered in 1914, the banks nevertheless are now forced to maintain reserves relatively more than twice as great.

#### At the Mercy of Bureaucracy

The grave danger inherent in the device of variable reserves is that it places the banks entirely at the mercy of a Federal bureau. The doubling of reserve requirements authorized by Congress in 1936 and further extended to "combat postwar inflation" involves the immobilization of substantial portions of a bank's earning assets. The present reserve account of the 12 Federal Reserve banks is approximately \$19-billion. At least \$10-billion of this represents assets of member banks which are frozen.

FDIC reports of insured banks' earnings show that they earn an average return of 1.60 percent on the Government bond portfolio. On the assumption that this \$10-billion of blocked member bank assets was invested in Government securities, this quantitative control, as exercised by the Federal Reserve Board, costs the member banks \$160-million a year.

This is equal approximately to half the total dividends paid by these banks to their owners. It is a significant coincidence that the 12 Federal Reserve banks at the end of 1948 paid the U. S. Treasury \$166.7-million as "interest on outstanding Federal Reserve notes." Actually, the member banks were subjected to a special discriminatory tax that amounted to approximately 2 percent on their capital.

#### FDIC "Pressure"

This special tax should be appraised further in the light of the pressure which the FDIC is bringing on insured banks to increase their capital accounts. The FDIC is currently levying an assessment on insured banks which in 1947 amounted to 700 times actual losses incurred. The insured banks paid an aggregate premium of about \$114-million.

This premium, plus the loss in earnings due to frozen assets, amounts to approximately 3 percent of the capital funds of member banks.

In view of artificially depressed money

rates and direct Government competition in credit, is it any wonder that some investors take a dim view of the outlook for bank stocks? Is this the kind of atmosphere that stimulates the sale of new capital stock? Is it possible in the face of such drains on earnings to

keep present owners happy and attract new owners? How can the vitality of our banks be maintained in the presence of controls which have no discernible relation to sound banking, which sap the earnings on which the strength of the banking system depends?

## COLOMBIA

### Presents Extensive Opportunities

Colombia, among the leading countries of South America in trade with the United States, will offer increasing opportunities in the years ahead for travel, export and import trade, and development of new or expansion of existing local industries.

Increasing numbers of forward-looking banks and business organizations in the United States are establishing correspondent relations in Latin America, notably with Colombia. Many of them are taking advantage of the exceptional and complete banking facilities provided by this 36-year-old institution.

With 25 offices in all commercially important parts of the country, trade information is quickly gathered and forwarded to you. Special departments for handling collections and letters of credit.

Inquiries cordially invited.

### BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices—Bancoquia

Capital paid-up: \$8,195,000.—Pesos Colombian

Reserves: \$9,244,364.—Pesos Colombian

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Anserma (V), Armenia, Barrancabermeja, Barranquilla, BOGOTA, Bucaramanga, Cali, Cartagena, Cúcuta, Girardot, Magangué, Manizales, Montería, Neiva, Pasto, Pereira, Puerto Berrio, San Gil, San Marcos, Santa Marta, Sincelejo, Socorro, Vélez.

New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

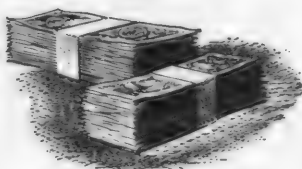


### Instant Savings

You don't have to wait months or years to realize on your improvement when you begin using Payment Coupon Books on your Time Credit Accounts. Results are instant. They begin the first day and continue to pay every day, thereafter.

You can count on Allison to recommend, as well as manufacture the right type of Payment Book for your particular purposes. The kind that gets better results and are low cost in use.

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Because they want *all* the news, community leaders in 11,000 cities, towns and villages turn regularly and confidently to The New York Times. That means your advertising is read by an interested audience all over the U. S. with money to invest. And airplane delivery of The Times puts it on sale the day of publication in more than 100 key cities.

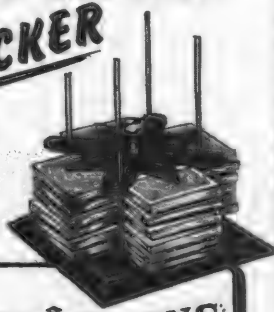
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"All the News That's Fit to Print"

## YOU CAN CASH CHECKS

**QUICKER**

WHEN  
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USE



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TRADE MARK  
**CURRENCY RACK**

**7**his popular and convenient style Rack holds a moderate quantity of bills of various denominations rendered easily available for quick handling. Makes cashing of checks a speedy procedure. Base is of enameled aluminum, 6½ in. square. The four 7 in. nickeled steel Posts accommodate the enameled counter weight. A very handy device.

**The C. L. DOWNEY Company**  
HANNIBAL, MISSOURI  
*World's Largest Mfrs. of Coin Wrappers*

# Answers to Quiz on FHA Regulations and Procedures

(Questions on pages 48 and 49)

1. FALSE—Property under construction at time of submission of application is existing construction and commitment can be issued for only six months. (Commissioner's letter December 15, 1948, to all approved mortgagees.)\*

2. FALSE—The \$20 examination fee does not cover any compliance re-inspections that may ensue during the period in question, for which there will be an additional charge of \$5 for each re-inspection, if any. On existing construction the fee is for a period of six months, or up to insurance, whichever is earlier.

3. FALSE—Escrow funds may not be invested under any circumstances by approved mortgagees under FHA supervision.

4. FALSE—Cancellation clause may not be exercised if construction has started or if any proceeds of the mortgage loan have been disbursed.

5. TRUE—See Commissioner's letter of December 15, 1948.\*

6. TRUE—Regulations in effect on March 1, 1948, although allowing for refinancing for a term of 25 years, do not permit the principal mortgage amount to exceed that of the initial insured loan.

7. FALSE—Commitments in this category may be extended twice for periods of 120 days each at a cost of \$5 for each extension.

8. TRUE—FHA will issue commitment without requiring mortgagors refinancing certificate.

9. FALSE—Yield insurance is not available on properties encumbered with a mortgage.

10. TRUE—Such bonds are not an FHA requirement but are not prohibited.

11. FALSE—The change in the FHA fee schedule of January 1, 1949 did not change those special fees charged for reconsideration actions after insurance.

12. TRUE—This is a statement in Section 608, Regulations.

13. FALSE—No existing mortgage under Section 603 may be refinanced (by veteran or non-veteran) for a term in excess of the remaining term of the existing mortgage.

14. FALSE—Section 207, Regulations, permits, under certain circumstances, single mortgages up to as high as \$50,000,000.

15. FALSE—The correctness of the mortgage instrument is the responsibility of the mortgagee, not FHA, even though insurance of the note may be effected.

16. TRUE—The commitment fee is earned, due, and payable, upon delivery of the FHA commitment.

17. FALSE—Refinancing under Title VI did not expire with the expiration of this section of the act.

18. FALSE—The FHA includes the cost only of a garbage disposal unit in its appraisals when request is made by the mortgagee.

19. TRUE—In the event title is tendered to FHA and debentures claimed, the FHA requires only that the property be in the same condition as when originally appraised, less normal depreciation. The requirement for insurance against fire or other hazards is primarily for the protection of the mortgagee and mortgagor, so that any damage to the property may be repaired and the improvements restored to good condition, or the loan paid in full.

20. FALSE—The FHA merely consents to the substitution of mortgagor. The question of release of personal liability under the mortgage is a matter between the mortgagee and mortgagor.



"Talk about tight coin-wrappers! These were half-dollars . . ."

\* Instructions were issued to the chief underwriters subsequent to the date the questions were prepared which authorized the FHA to issue commitments for a period of one year on residences under construction, provided construction had not reached the point where the FHA would normally make their second inspection. The instructions were not generally publicized.

saves steps . . . saves time

. . . makes friends

Trigger-fast and **automatic division** cuts 5 steps to 1...speeds work, makes fast operators even **faster** . . . yet so simple beginners become veterans after a few brief instructions. With famous "Velvet Touch," fingers fly...operating fatigue vanishes . . . figure production skyrockets. Monroe **precision manufacture** assures smooth, effortless action...noise and vibration fade to a minimum. See this new Monroe Adding-Calculator in action. **Tops in design and performance**...combines time and work-saving advantages that appeal to all budget-minded executives. Phone nearest Monroe-owned branch or write to Monroe Calculating Machine Company, Inc., Orange, N. J.

Monroe Adding-Calculator (Model CST)



**MONROE**  
MACHINES FOR BUSINESS

CALCULATING • ADDING • ACCOUNTING MACHINES

## News for Country Bankers

(CONTINUED FROM PAGE 63)

in paying premium money because it helps exhibitors to defray the expense of extra feeding, transportation to and from the livestock show, and lodging and board during the show.

Although the National Bank of Tulsa actually purchased seven calves, its representatives bid on many more in an effort to help keep up the premium price average and insure a reasonable price on all offerings. More than 100 calves were sold across the block. Several of the bank's officers were present at the sale.

### Educating Tomorrow's Customers

NEVER underestimate the potentialities of today's grade and high school students; they're tomorrow's bank customers."

That's the revised version of a famous advertising slogan which J. H. Meyer, president of the First National Bank at Owatonna, Minnesota, has followed in recent years. A firm believer in the value of getting acquainted with future depositors as early as possible, he frequently addresses commercial classes at the Owatonna High School. In addition, he has encouraged high school students to tour the bank under supervision of teachers.

Mr. Meyer's goodwill gestures even extend down into the grade schools. Last Christmas, for example, he had the local Western Union office send congratulatory telegrams to 45 members of the local school patrol. The wires praised the youngsters for the excellent work they have been doing in preventing accidents and injuries at school crossings. For a majority of the school patrolmen

it was the first telegram they had ever received and it was a thrilling moment for them.

Mr. Meyer's interest in youngsters extends, of course, to rural teen-agers. Working with the county agricultural agent, he has made it possible for 4-H and FFA members to purchase calves, pigs, and other livestock for use in their projects.

"We have won many new accounts in this manner," he asserts. "When a youngster gets a loan from this bank, it's the start of a habit we want to make a permanent one—that is, of coming to this bank to do his banking business."

The entire personnel at the bank is trained to render courteous, efficient service to all customers—whether it's a wealthy farmer or a bashful country lad wanting to borrow \$75 to buy a registered calf. Mr. Meyer thinks that the best advertising his bank receives is that from satisfied customers. He therefore makes certain that there is no cause for complaint on the customer's part because of rudeness or inefficiency from bank employees.

### Agricultural Council Aids Texas Farmers

BANKERS of Tyler and Smith counties took the lead in fostering the founding of the Heart of East Texas Agricultural Council in Tyler. For its financial support the council is indebted to the banks and other business firms, civic clubs, and individuals. C. R. Heaton, a Texas A. & M. College agricultural graduate, was chosen to direct its program. While the Heart of East Texas Agricultural Council was organized and functions independently of the Tyler Chamber of Commerce, it is a subsidiary of that organization.

The council marked its first birthday with a banquet, at which leading banking and agricultural authorities lauded its first year's achievements. It is not



George W. Trepp, Jr., president, Hartford-Connecticut Trust Company and chairman, agricultural committee, Connecticut Bankers Association, right, presenting checks to the winners of CBA's bull-naming contest. First prize winner Albert W. Steeves, of West Hartford, left, and second prize winner James Henry Delaney, of Plainfield, center. (Story on page 137, May BANKING.)

the purpose of the council to overlap or duplicate the activities of existing agricultural agencies. Rather it operates, to a large extent, as a coordinating agency, assisting other groups in the promotion of sound programs in various fields of activity.

Its major emphasis is on programs that are of direct benefit and value to the rural population and that have a direct or indirect value to business. Among its principal aims is a broad forestry program for Texas, which is now totally lacking. Its activities in this connection include selling such a program to the agency that would be responsible for its administration, obtaining favorable legislative appropriations, etc.

During the first year of its operations the council was instrumental in getting the Livestock Sanitary Commission to place a trained veterinarian in Tyler to assist in any emergency livestock epidemic that might occur; gave regular 15-minute weekly radio talks on agricultural developments; encouraged the addition of personnel in the Extension



HARRIS & Ewing

Representatives of a group of 33 Dutch farmers call on ECA Administrator Paul G. Hoffman. The group came to the U. S. under the sponsorship of the ECA technical assistance program to get actual experience on American farms that might be useful in increasing production in the Netherlands. Left to right, Ir C.W.C. Van Beekom, group leader; Mr. Hoffman; Marinus Woolleswinkel; and Wiebe Durk Jaarsma

### Government Lending

GOVERNMENT agricultural lending agencies that use funds of the taxpayers without paying interest for their use are obviously competing unfairly with banking. Organized banking has no alternative than to fight this type of competition on every front at every opportunity, on the local level and on the national level, and in the councils of government. We shall continue our efforts to put competition of this sort on a fair and equal footing with the banks.—F. RAYMOND PETERSON, vice-president of the American Bankers Association, and chairman of the board of the First National Bank and Trust Company, Paterson, New Jersey.

and research fields that would have a special value to eastern Texas; cooperated with sweet potato growers in demonstrations of Texas improved Porto Rico seed potatoes; cooperated in setting up soil-fumigation demonstrations; and cooperated and assisted in the development of the Smith County Youth Foundation.

Banks supporting the council include: Citizens National Bank, Peoples National Bank, and Tyler State Bank & Trust Co., Tyler; Arp State Bank, Arp; First National Bank, Troup; Lindale State Bank, Lindale; and Winona State Bank, Winona.

### A New England Credit Conference

THE Connecticut-Rhode Island Credit Conference, sponsored by the Connecticut and Rhode Island bankers associations, will be conducted at the Rhode Island State College in Kingston on June 15-16.

The conference agenda will include two panel discussions, one on "Measuring the Farm Credit Risk," and the other, "Adjustments to Changing Practices."

Among the instructive papers to be delivered at the Kingston conference are:

"The Next Three Years—Industry and Employment and Prices for New England Farm Products," covered by two speakers; "Why These Loans Went Sour"; "An Examiner Looks at Farm Loans"; "State and Federal Farm Agencies"; "How I Solicit Farm Loan Business"; "Problems of the Young Would-Be Farmer"; "How I Financed My Start" (by a farmer); "Dealer Credit"; and "What Bankers Can Do for Farmers and Feed Dealers."

Speakers were about evenly divided between bank officers and R. I. State College officials and professors.

### Financing Agriculture

THE Missouri Bankers Association's second annual Short Course in the Principles and Problems of Financing Agriculture will be held at the College of Agriculture, Columbus, on June 15 and 16, according to E. J. Evens, cashier, Citizens Bank, Amsterdam, and chairman of MBA's agricultural committee.

Features of the program will include the showing of the 4-H movie, "4-H In Action" and a talk on "What Balanced Farming Means to Us" by Mr. Charles Schaefer, of Lafayette County, whose family has been following a balanced farming program for many years. Another speaker, Henry Kollmeyer of

St. Francois County, a winner in the 1948 balanced farming contest, will discuss "Ten Years of Balanced Farming." Albert T. Rinehart, 4-H Club member of Newton County, who built up a herd of registered Jerseys with bank credit, will talk about his project at a luncheon.

### Dinner for Vocational Ag Students

OFFICERS and directors of the Citizens State Bank of Osage City, Kansas, recently gave a banquet in honor of the local boys enrolled in vocational agricultural courses. There

were more than 40 guests, including the vocational teachers. After a fried chicken dinner, the boys were entertained in the directors' room of the bank with a showing of Continental Illinois National Bank & Trust Company's (Chicago) film "Back of Every Promise."

Later the boys were taken on a conducted tour of the bank when many banking procedures were explained and the operation of bank machines demonstrated.

The dinner was given in recognition of the value of agriculture to the local community and the fine work done by this particular department.

### Gain the Benefits of DIRECT REPRESENTATION

Material advantages, both for you and your customers, will result from our correspondent banking services. Check this partial list and write for more information.

- Speedy check collection
- Participation with correspondent banks in local loans
- Servicing loans to dealers and brokers
- Foreign remittances and money orders
- Purchases of commercial paper
- Credit information
- Travel service
- Collection of drafts, notes, coupons, matured bonds and other items both domestic and foreign
- Travelers' checks and letters of credit
- Adviser on pension and profit-sharing plans
- Safekeeping of securities
- Foreign trade facilities
- Receipt and delivery of securities

When in Cleveland visit us at our new Main Office at  
123 West Prospect

**Central National Bank**  
of Cleveland

CLEVELAND 1, OHIO

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

## Other Securities

(CONTINUED FROM PAGE 71)

broker can no longer sit in his office and wait for the business to come to him. He has to go out and get it. He has to sell his wares and the private enterprise system on which the securities markets are founded.

Yet, why the public does not buy securities remains an unsolved puzzle which will have to be met before the situation can be corrected. If this state should be permanent, then new ways

and means must be found to provide equity capital for industry.

The deficiencies of the equity capital markets are some of the reasons why the corporate bond calendars remain heavy, week after week. Instead of selling participating shares, companies must go into debt and issue interest-bearing securities.

In recent periods the markets were almost exclusively used by utilities and railroads. Among such flotations were \$10-million by Kansas Power & Light, \$12-million by Westchester Lighting, \$10-million by Kentucky & West Virginia Power, \$10,275,000 equipment



"As soon as I leave a little money here we'll be off to the night clubs"



### Speed up transit work

The new 1949 A. B. A. Key Book with Check Routing Symbols is now available. It contains all annual changes in transit numbers and check routing symbols. Make sure your organization has enough copies of the latest edition for completely efficient operation. Order yours today. \$3.50 a copy.

**RAND McNALLY & COMPANY**

*Publishers*

536 S. Clark St., Chicago 5, Ill.

trust certificates of New York Central, \$7,020,000 of Chicago Great Western and \$6,210,000 of Chicago & North Western.

The bond calendar continued heavy and has been running between \$30-and \$50-million of new issues every week.

Prospective offerings in the private capital markets are still topped by the \$400-million American Telephone & Telegraph financing which will most likely take place some time this month. It is the largest flotation by a private company ever undertaken in the United States.

Other large issues on the planning boards include \$46-million financing by Virginia Electric & Power Company, \$10-million Florida Power & Light Company and stock issues by Southern Natural Gas Company and by New York State Electric & Gas Corporation.

There will also be equipment trust issues by Erie Railroad, Pennsylvania Railroad, Delaware, Lackawanna & Western and Atlantic Coast Line. Seaboard Air Line will also be in the market for about \$3.5-million of trust certificates.

Some parents think that a college is a place to send young persons when they don't have sense enough to do other things well.

*Taking bending exercises is a modern form of stooping to conquer.*

To live greatly a man must live dangerously. Well, 38-million automobile drivers are doing their best.

## THE BEGINNING...

BANK STATEMENT NOVEMBER 1, 1898

### Resources

Loan and Discounts	\$ 2,940.00
Revenue Stamps	112.00
Furniture and Fixtures	456.00
Expense Account	196.16
Clearing House Items	126.91
Currency	4,090.00
Gold Coin	465.00
Bonds	465.13

### Due from Banks

First National Bank, Kansas City, Mo.	7,269.76
Central Hanover B/T Co., New York, N.Y.	3,099.00
<b>Total</b>	<b>\$19,619.86</b>

### Liabilities

Capital (Paid in)	\$15,000.00
Surplus	None
Undivided Profits	None
Interest	87.27
Exchange	7.30
Individual Deposits	4,512.79
Time Certificates	12.50
<b>Total</b>	<b>\$19,619.86</b>

## 50 YEARS LATER...

NOVEMBER 1, 1948

### Resources

Loans and Discounts	\$ 882,239.19
Commodity Credit Corp. (wheat loans)	426,399.16
Real Estate Loans (farm and city property)	269,590.75
F. H. A. Real Estate Loans (city property)	50,509.29
Overdrafts	1,133.68
Bank Building	24,754.00
Furniture and Fixtures	2,449.82

Bonds:	
U.S. Government	343,700.00
Municipal	241,595.00
To Secure Public Funds (Gov't and Mun.)	618,797.60

### Balance in Banks:

*Central Hanover B/T Co., New York	
*First National Bank, Kansas City, Missouri	
First National Bank, Wichita, Kansas	

City National B/T Co., Chicago, Illinois	468,419.73
Clearing with other local banks	27,865.94
Currency	25,671.00
Silver	1,804.08
Collection in Transit	19,034.94
<b>Total</b>	<b>\$3,394,123.46</b>

### Liabilities

Capital	\$ 75,000.00
Surplus	75,000.00
Undivided Profits	47,808.11
Deposits	2,833,612.16
Certificate of Deposit	130,202.84
Saving Deposits	210,186.82
Bank Money Orders and Cashier's checks	15,642.10
Reserves	6,671.63
<b>Total</b>	<b>\$3,394,123.46</b>

\*Started November 1, 1898

This is a facsimile of the 50th anniversary statement of the Peoples State Bank of McPherson, Kansas, one of the 397 banks which have been correspondents of Central Hanover for over 50 years. A bank is known by the correspondents it keeps.



# CENTRAL HANOVER BANK AND TRUST COMPANY NEW YORK

Member Federal Deposit Insurance Corporation

## MISTER, WHICH WAY TO EASY STREET ?



WELL, THERE ARE SOME short cuts, but they pass through bad neighborhoods, and it's awfully easy to get lost.

But there's one route that's good and straight, and leads right where you want to go . . . systematic Saving.

Here's one of the best ways to get on it . . .

Your bank will sell you U. S. Savings Bonds either over the counter or through the simple, automatic Bond-A-Month Plan.

If you choose the Bond-A-Month Plan it will bring you a bond every month, charging the cost to your checking account. You can pile up bonds just as fast as you like.

You'll be surprised how easy it is—and you'll be amazed how soon you'll find yourself going along in the right direction.

Then, in just ten years, when your bonds pay you back four dollars for every three, you'll know that Easy Street isn't very far away. You can't miss it.

What's that? Oh . . . you're welcome.

**Put more  
OPPORTUNITY in  
your future!  
Invest in  
U. S. SAVINGS BONDS**

**YOUR NAME HERE**

This is an official U. S. Treasury advertisement—prepared under auspices of Treasury Department and Advertising Council.

## "Put More Opportunity in YOUR Future"

THAT slogan is the keynote of the Treasury's "Opportunity Bond Drive," which began on May 16 and will continue through this month. The quota is \$1,040-million in Series E bonds.

The symbol being used in advertising the drive is one associated with "a people's determined search for

security and opportunity," the covered wagon of the 1849 gold rush.

As heretofore, the Treasury Department is making advertising material available to banks and other commercial advertisers. Three examples of this material are reproduced on this page.

Other themes, graphically illustrated in the individual ads are: "Pick this juicy plum," "Need a fireproof pocket for your pay check?" "Help your wishes come true," "Want to be sure of getting hit with a horseshoe?" "Opportunity is going to knock at your door," and "Why not make your own moves?"

The "save-where-you-work" idea is again being emphasized in the current campaign. This automatic bond buying plan is featured in the advertising copy.

Mats are furnished at no cost to the advertiser, and each ad is produced in more than one size.

Also available is copy for reproduction in publications, etc., of the covered wagon symbol in a variety of sizes.

Any of this material can be obtained by writing Newspaper Advertising Section, 732 Washington Building, Washington, D. C.

Walter S. McLucas, right, chairman of the board, National Bank of Detroit, passes on to Nate S. Shapero, a director of the bank, the congratulations of Secretary of the Treasury Snyder on the occasion of the bank's passing the \$500-million mark in E Bond sales. Mr. Shapero has been local and national war finance committee leader throughout the past several years. In center is Charles T. Fisher, jr., president, National Bank of Detroit



How you doing? All right?

Well, we don't want to throw cold water. But remember—there comes a time to every man when his earnings start to go downhill.

The money you'll need in the future, you're earning right now. And one safe way—one sure way—to set some of that money aside is to do it by purchasing U. S. Savings Bonds.

You can get them Bond-A-Month Plan at this bank.

Don't miss this opportunity to save while you're still going strong!

**Put more opportunity in  
your future! Invest in  
U.S. Savings Bonds**

**YOUR NAME HERE**



This is an official U. S. Treasury advertisement—prepared under auspices of Treasury Department and Advertising Council.



**BANKING**

# Bankers Serve Abroad in Postwar Work

I SHALL do my utmost, while in Brussels as chief of the Economic Cooperation Administration's mission to Belgium and Luxembourg, to encourage a free flow of trade and establish economic stability in those countries," said Robert M. Hanes in an interview aboard the *Nieuw Amsterdam* shortly before sailing to take over his new post.

"In stabilizing the economy of these countries," he said, "it is essential that they not only be able to trade freely with the United States, but that they also be able to reestablish normal commerce with the other European nations. To this end, I shall work in close cooperation with the chief of the ECA mission to the Netherlands."

As industrial consultant of the Marshall Plan mission to the Lowland Countries, Mr. Hanes spent the latter part of March in Europe studying the Marshall Plan administration. He took the oath of office for his new position in Washington on April 13. He is on one year's leave from the presidency of the Wachovia Bank and Trust Company of Winston-Salem, North Carolina. Richard G. Stockton, senior vice-president and senior trust officer in the Winston-Salem office of Wachovia, has been named acting president.

During Mr. Hanes' presidency of the American Bankers Association, 1939-1940, the largest single expansion of the activities of the A.B.A. was initiated. Five new departments were organized, headed by trained personnel from the respective fields; namely, Office of the Economist, Agricultural Credit, Research in Real Estate Mortgage Finance, Customer and Personnel Relations, and Consumer Credit.

Another field of A.B.A. activity in which Mr. Hanes has made an outstanding contribution is that of small business credit. With the organization of the Small Business Credit Commission in 1945, Mr. Hanes was named chairman and he served in that capacity until 1948. Through the Commission, 15,000 privately chartered banks pledged themselves to make bank credit available to every competent man, firm, or organization that needed it for constructive purposes.

The educational program initiated by the Small Business Credit Commission, under Mr. Hanes' chairmanship, led to the voluntary formation of 48 credit groups operating throughout the

Mr. and Mrs. Robert M. Hanes before sailing from New York for Brussels on the *Nieuw Amsterdam*



country and financed by local banks. The combined capital of these groups is \$672-million. In addition to providing new credit machinery, the local groups serve a valuable function in informing banks and the public on various aspects of small-business financing. Thus in dramatic and tangible fashion, banks proved their willingness and ability to finance small business.

Mr. Hanes' participation in A.B.A. affairs since relinquishing the presidency has also included membership on the Executive Council and the chairmanship of the Advisory Committee on Special Activities from 1941 through 1944. He is now a member of the Advisory Committee and the Small Business Credit Commission. He is a past president of the Association of Reserve City Bankers.

On his recent return from Tokyo, where he served as financial advisor (with the rank of Minister) to General Douglas MacArthur, Supreme Commander of the Allied Occupation Forces, JOSEPH M. DODGE, president of The Detroit Bank and past president of the American Bankers Association, receives a hearty welcome from an old friend, General Mark Clark, Commander, Sixth Army, San Francisco



## CCC Price Support Plan

(CONTINUED FROM PAGE 64)

phase of the program will be modified.

The custodian arrangement, known as the *loan servicing supplement*, if modified will give the individual bank an opportunity to render full service to its farmer-customers. One of the advantages of this agreement is that the bank may draw drafts daily on the CCC to obtain reimbursement for any CCC loans it might make. The drafts are payable in any Federal Reserve bank. The bank will retain custody of all notes, warehouse receipts, and other loan documents relating to loans made under the lending agency agreement, and will be paid a monthly fee for its services in connection with these loans.

The monthly fee paid by the Commodity Credit Corporation is applicable to loans made under the loan servicing supplement. This fee is now calculated on a sliding scale based on the average size of the CCC loan made by the bank. The fees range from half of 1 percent per annum on small loans to  $\frac{1}{10}$  of 1 percent on large loans. The Agricultural Commission has recommended that if such fees are to be made available they should be determined on a flat, per item basis. This would make the plan less complicated and more easily understood.

According to the CCC, a bank "may rely on the approval of the County Agricultural Conservation Committee for assurance that loans which it makes under the lending agency agreement, or on which it received reimbursement from the CCC under the loan servicing supplement, meet the requirements of the Commodity Credit Corporation."

## The Traffic Problem . III

JOHN J. McCANN

*This is the third and final article by BANKING's Chicago staff member on this subject, the others having appeared in April and May. Mr. McCANN continues here his discussion of a survey made by this magazine, with descriptions of some typical drive-in facilities.*

**T**HE majority of drive-in facilities contributing to our report have been installed in bank buildings favored by some type of available driveway areas. Technically, the majority of installations are drive-up windows, open and exposed with the possible exception of an overhanging canopy, as compared with the fully covered or enclosed drive-in installation.

A number of banks have drive-up windows on public alleys at the rear of the building, or on public side streets. Some added the service to adjoining parking lots owned or leased by the bank. A few purchased and demolished adjoining

W. L. Hemingway (left) former American Bankers Association president and chairman of the board, Mercantile-Commerce Bank and Trust Company, St. Louis, with Lt. Gen. Jimmy Doolittle examining bank drive-in photos in BANKING's display at the National Consumer Instalment Credit Conference in St. Louis. Gen. Doolittle, who is a vice-president of Shell Union Oil Corporation, spoke to the conference on traffic congestion and our economic health



buildings to make room for driveway approaches and for added parking space. The recently remodeled Burlington Savings Bank, for instance, expanded its offices to the rear of its present building and received permission to install a drive-in on the main thoroughfare, using an inset section of the sidewalk for car traffic and parking.

The annex type of drive-in service has been built by the Citizens National Bank of Maplewood—a suburb of St. Louis. This two-story fireproof structure, erected on a lot 100' x 150', is connected to the main bank building by an overhead pass leading to the second floor. The first floor of the new annex has two bay-type drive-in windows and book-keeping offices. The second floor has a new directors' room and an employees' recreation room. The basement houses air-conditioning equipment and pumps for radiant heating, which keeps the "U" shaped driveway free of snow and ice.

A number of the installations reported are located in separate branch operations. The American National Bank & Trust Company of Danville, Virginia, converted an ex-gasoline station in a residential area to drive-in service.

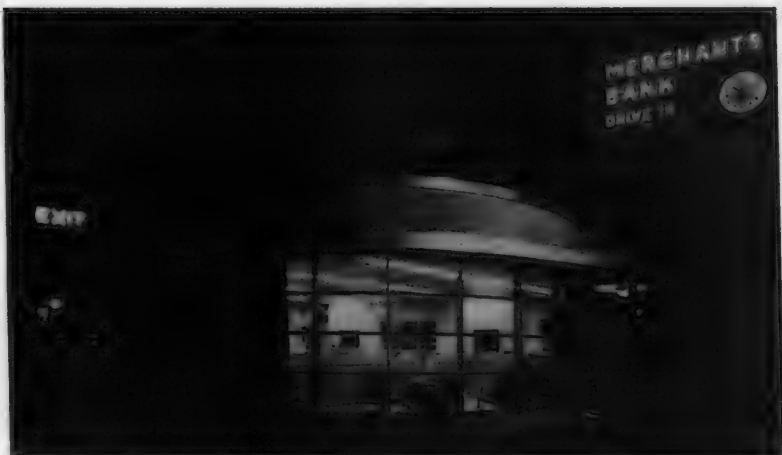
Another similar installation is located in Jamestown, New York. The Bank of Jamestown has a small filling-station type building on a triangular lot in one of the most populated residential districts. It contains two windows, one on either side of the building, with approaching driveways right and left. The big advantage of both installations is naturally the low investment in property and small maintenance costs.

The Merchants National Bank of Syracuse has one of the most modern drive-in branches in the country. This single-story building of modern design is located in midtown just off the city's most heavily congested traffic area. It offers two auto teller-window services on either side of the building for cars approaching east or west, with through driveways to parallel streets. The office has also a pedestrian entrance with adequate lobby area and work space for four additional tellers.

### Essence of the "Drive-in" Principle

The Rutherford (New Jersey) Trust Company operates a branch unit that typifies the "drive-in" principle. Last spring, the bank purchased a near-by building formerly used as a garage dealer's warehouse. It has a 50' front and is 150' deep. With a little remodeling which included setting up a center bunker through the length of the building, the bank converted it into an efficient and popular drive-in operation. The building is set about 150' from Union Avenue—one of the city's main traffic routes, and this gives the bank the advantage of additional parking space. In this way, the drive-in unit can accommodate 25 cars in line, off the street at one time, and about 16 under cover of the building itself. Each driveway through the building is about 11 feet wide, and cars may drive up to within eight inches of the windows.

The Vernon Branch of the Security First National Bank of Los Angeles is a similar operation. Its low, oblong, one-story



Left, the unit of the First National Bank of Mobile, Alabama, which can take 18 cars in line. Right, new drive-in branch of the Merchants National Bank, Syracuse, where the entrance and exit lanes have two drive-in windows each

building houses the drive-in windows and additional parking area under cover.

To meet the challenge of the ever increasing parking and traffic problem, many banks may find it impractical or impossible to adapt the conventional type of drive-up or drive-in service because of location or other physical handicaps. Still there are a number of substitute arrangements which have successfully approached the problem:

Take, for example, the motor bank department established last fall by the First National Bank and Trust Company of Oklahoma City (shown on page 52, February BANKING) which is said to be one of the first of its kind in the country. The bank purchased a 70' x 140' private parking lot immediately adjoining its main office building, and erected a small one-story bank annex at the far end. Traffic is directed through a separate entrance and exit at the street level.

The motor-bank building is 20' x 35', with its two exposed sides almost completely glazed. Inside the glazed public area are three teller windows set behind full ceiling-high glass partitions. These windows are equipped to handle all normal teller transactions. A door leads from this annex to the main building, where elevator service delivers the customer to any other department within the main building.

The whole unit, which the bank regards as an important auxiliary service to midtown traffic, cost a total of \$25,000 to put into operation. Its patronage has increased tremendously through a program of consistent advertising.

A variation of the motor bank, on a much smaller scale, was initiated more recently by the National City Bank of Cleveland. Due to difficulties of parking in the midtown area during banking hours, National City opened a small office at street level on one-way Vincent Avenue, which cuts between two of the city's main traffic arteries. The office is set up as a miniature bank lobby, manned by two tellers equipped to accept savings and commercial deposits only.

Vincent Avenue's traffic moves east to west. The tellers' windows are situated on the south side opposite the flow of traffic. However, the city permitted the bank to mark off a section where customers may park temporarily. A bank guard is stationed on the opposite curb to protect the customer's car and otherwise facilitate the service. This operation was installed for the exclusive use of drivers.

Another innovation, initiated by the Commercial National Bank of Peoria, Illinois, and now adopted by several banks in the Midwest, is the so-called "sidewalk teller," which serves pedestrian traffic primarily, and also the drive-up customer who may park in the blocked-off section at the curbing. This service, housed at sidewalk level in the main building, merely adapts the standard drive-in window equipment to pedestrian use. Its setting may be dramatized a little by a marquee. The Commercial National, which operates both drive-in and sidewalk units, reports that the outside pedestrian teller is far more active, handling about 150 deposits per day or about 80 percent of the average business handled by an inside teller. The auto drive-in handles about 50 percent of the deposit business of a regular inside teller.

The Rock Island (Illinois) Bank and Trust Company operates two sidewalk teller units, and reports good success. The local administration granted the bank permission to cap three parking meters to accommodate the drive-up cus-



"I know they have curb service at some banks, ma'am! And we'll be only too glad to let you know when we start it here."



*Above, left, motor bank of the First National Bank of Oklahoma City, which shares a common wall with the main bank building. Right, drive-in bank at the Turnpike Branch of the Bayside (N. Y.) National Bank*

tomers through this unit. A city policeman was also stationed at the bank for some time after service was opened, to help acquaint customers with the service. The bank emphasizes commercial deposits at these windows, but also cashes checks. An additional feature is a floodlighted night depository located between the window units.

And finally, as we review the field of extra bank services designed to meet the issue of parking and congested traffic, we find a growing group of banks favoring the "curb teller"—an ingenious gadget about five feet high, looking like a gasoline pump, and mounted at the sidewalk curbing. Through a viewing screen and a two-way communication system, this robot transacts banking business via a small elevator which passes between the parked customer above and the teller located some 12 feet underground. Mirrors arranged like a periscope reflect the person at either end. The chief advantage of this type unit is the relatively small cost of installation and maintenance. The Colorado State Bank of Denver is among the banks which think this idea is a

practical answer to the driving public's banking problem.

Certainly it would be fair at this point to speculate on the future of drive-in banking. Designers at the sketch boards envision the motor bank of the future as being constructed in a series of bunkers with car lanes running between. This design, they say, is readily adapted to any vacant lot nearby or adjoining the main bank building. It may be fitted easily into building designs for new banks and branches. The bunkers may be constructed of concrete or other material, with drive-in windows spaced for service on two-way drive-lanes. The bunkers may be connected with the main building via underground tunnel or overhead passage. Communication with bank files and records might be accomplished by pneumatic tubes or interoffice phone equipment.

In any event, as you review the tacks which banks have taken to simplify service for the driving public, you quickly reach the conclusion that a highly commendable job is being done at this end to favor the motorist and help reduce his traffic and parking problems.

*Sidewalk teller service, below, left, inaugurated by the Rock Island (Illinois) Bank and Trust Company. Right, two-window drive-in branch of the Bank of Jamestown, New York*



The newer look...the gentler touch...  
*they actually better the best!*

See the new  
**GRAY MAGIC**  
**ROYAL**  
today!

THE NEWER-THAN-TOMORROW trimness of its soft gray, light-absorbing tones will make you want to say—

"It's the most beautiful typewriter I've ever seen!"

But wait! Have your fingers felt its gentler touch? Have they rested on the keyboard and experienced the comfort of keys shaped to the contour of finger tips?

Not until you have actually *tried* the new Gray Magic Royal . . . seen it . . . admired it from stem to stern in your own office . . . can you really appreciate how Royal now succeeds Royal as the World's No. 1 Typewriter!



*New color! New look! New touch!* **NEW FEATURES!**

**Finger-Flow Keys**—Designed to cradle the finger tips, give greater clearance between rows of keys. And the touch that has made Royal the 2¼ to 1 favorite among typists is even lighter, faster—now, more than ever, the operator's dream touch!

**Removable Cylinder**—Another bit of Gray Magic—another new Royal improvement. Single-handed, with the thumb and finger of the right hand, the cylinder can be removed to clean or change. A simple press and lift motion—and it's out. No tool kits! No mechanics!

**Clean Change Ribbon**—This Royal exclusive permits swift, clean ribbon changing. The specially designed spool lets you slip the ribbon loop on without even removing the empty spool from its hub. No fuss, no bother—no more inky fingers—with this great Royal feature.

**"Magic" Margin**—Most magic Royal feature of all, "Magic" Margin sets the margin where you want it, at the flick of the finger. A simple one-handed operation. Just position the carriage, flick the lever and it's all set.

No reaching from carriage to keyboard

and back—no fumbling with margin stops. It's amazingly convenient.

**Price Not Raised**

When you check on the price of the new Gray Magic, you'll be pleasantly surprised. For in spite of all its new, advanced features, you pay no more for the Gray Magic Royal than for an ordinary typewriter.

Call a Royal representative *today!* Meet the magic of the new easy-writing Royal in your own office. See how it means happier typists . . . better, faster work.

The **NEW**  
**GRAY MAGIC ROYAL**

Made By the World's Largest Manufacturer Of Typewriters

"Magic" is a registered trade-mark of Royal Typewriter Company, Inc.

# Television? Yes, BUT . . .

(CONTINUED FROM PAGE 39)

America televises a 10-minute feature, on film, entitled *Family Quiz*. The program is presented twice a week in San Francisco over KPIX, and once weekly in Los Angeles over KFI-TV, both on evening hours.

Citizens National Trust and Savings Bank of Los Angeles is sponsoring a weekly, full length television program. Under the supervision of Harry E. Petersen, Citizens Bank advertising manager, the program consists of cinematic concerts given by the Vienna Philharmonic Orchestra in the Old World locales of Vienna and Salzburg. TV audiences will view the presentations of musical classics, waltz themes and excerpts from light operettas.

The series will be presented each Monday evening over KTTV.

Mr. Petersen, in inaugurating this new television program, pointed out that "a television set is now in one out of every 12 homes in the greater Los Angeles area—and as such becomes a prime medium for financial advertising."

## Many Banks Use Television Spots

As in standard radio, the short spot program is most popular for bank television use. A station break of 20 seconds, or a spot announcement of 30 or 60 seconds must of necessity be used to make a direct offer of a specific service. There is not enough time for much in the way of education or information.

The Security National Bank, Los Angeles, uses motion pictures with semi-animation for a series of spot announcements to stimulate new accounts. This bank also advertises other services over local television.

The Exchange National Bank of Chicago is preparing to launch a series of one-minute programs over station

WENR-TV, Chicago. These programs will use film continuities, and will appear at 6:59 P.M. just before the *Stop the Music* broadcast.

In Detroit three banks have used spots on station WWJ-TV. They are the National Bank of Detroit, The Detroit Bank, and the Industrial National Bank. The spots were run both daytime and evening. The Detroit Bank used spots to commemorate its 100th anniversary. The other banks featured loan services. Both The Detroit Bank and the National Bank of Detroit also have spot schedules planned for station WXYZ-TV. Evening times have been selected.

## Bank Features Branches

The Liberty National Bank & Trust Company, Louisville, Kentucky, has a good television idea in operation. Each evening at 7:00 P.M., over WAVE-TV, it presents the weather forecast. The time of the report is one minute, and it combines audio copy with the film of one of Liberty National's 10 branch offices, a cartoon depicting the weather, and a shield of the bank. The branch bank films point out the location and special services of each branch and are rotated in order.

In Seattle, the Seattle-First National Bank has a spot announcement on KRSC-TV each Monday evening at 8:30. In St. Louis the Tower Grove Bank and Trust Company uses one-minute television spots on Sunday evening. This bank uses live copy with cartoon type of slides covering their various services—savings, checking and loans. In Buffalo, the Western Savings Bank and the Marine Trust Company both use one-minute spots and 20-second chainbreaks, between 7:00 and 10:00 P.M.

## Banks Use Filmstrips and Slides

The Lincoln National Bank and Trust Company, the first bank to use television in Syracuse, New York, has initiated a series of three film strips to picture three of its major services. The films show the convenience of the bank's locations, its free parking facilities, and its 24-hour banking service. Television station WHEN is being used.

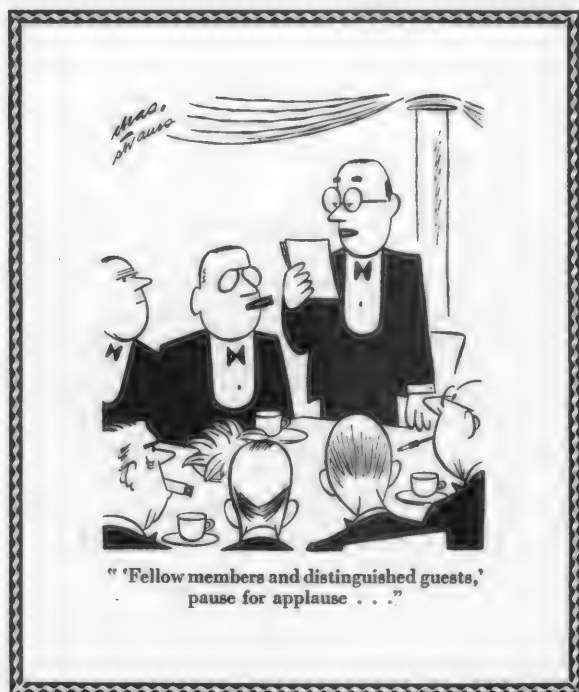
The First and Merchants National Bank, Richmond, Virginia, uses one-minute spots on Sunday, at 7:00 P.M., on station WTVR. These spots utilize regular oral banking commercial copy together with 2" x 2" slides, as visual copy, of the bank's building, seal, and slogan.

## Many Banks Contemplating Television

These reports on the video programs of about 23 banks were received direct from the television stations. There may be other banks now using this medium, and if so we would like to hear from them. Many of the stations wrote and explained that they were in the process of discussing new programs with new bank sponsors, and others told about bank sponsorship that was certain to develop in the near future but about which no announcement could now be made. There is definite evidence that bank use of television will continue to grow.

## As Television Men See It

We asked the men who run the country's 50-odd television stations what they thought about bank use of this



"Fellow members and distinguished guests,"  
pause for applause . . ."

medium. Views varied. E. K. Jett, director of radio, WMAR, Baltimore, Maryland, said: "It seems to me that banks, generally, will find television a profitable medium in which to place their advertising if they choose programs of an essentially public-service nature. Banks sell services. It follows that their programs should fall into the same category, allowing the banks to call attention to their selfless interest in the good of the community." Mr. Jett suggested that banks might use newscasts, sports reviews, and similar service programs. He expressed the belief that bank commercials can be graphic and vivid, showing by chart and figures how the bank serves.

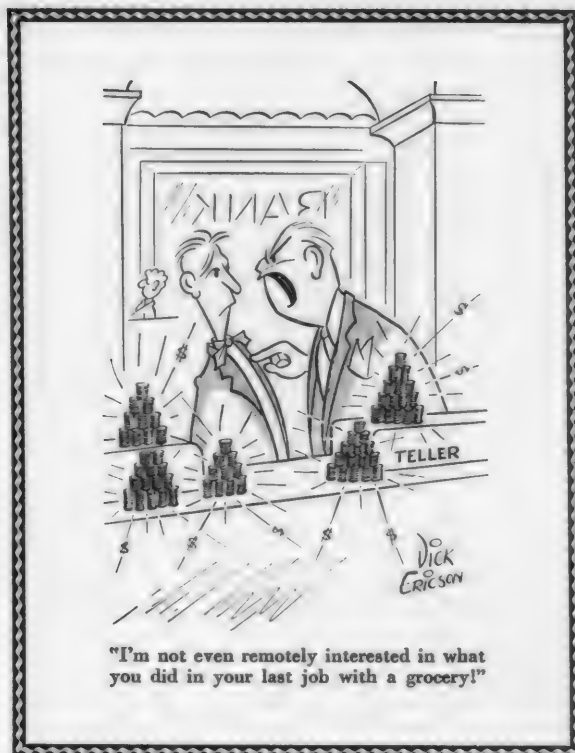
J. Gordon Wright, production supervisor of Television Production, Los Angeles, believes that outstanding special events provide an easy tie-in for institutional bank advertising. He further stated: "Animated films portraying in amusing fashion the disadvantages of paying bills by cash, as contrasted to the advantages of a checking account, would be effective."

John H. Mitchell, general manager of WBKB, Chicago, said: "I definitely feel that television is an excellent means for the selling of bank services. I feel that the most pleasing type programs are high class musicals or some sort of public service such as time and weather reports."

George Harvey, sales manager of WGN-TV, Chicago, believes that: "Television cannot help but be a good medium for selling bank service. Through means of pictures, the features and services of the bank can actually be demonstrated. Over and above the physical features is the fact that television reaches the middle-income audience that the banks want to reach."

Robert L. Coe, manager of WPIX, the *Daily News* station in New York City, feels that television will build confidence and sell services for a bank if used properly. He adds: "However, the whole program should engender a feeling of warmth, of personal interest on the part of the bank in its depositors. There is a general feeling on the part of the public that banks are a pretty cold proposition. Any bank that is successful in overcoming that feeling will draw customers in droves."

Harold Hough, director of WBAP, Fort Worth, Texas, says that: "Banks want to use television, but it's new and must be demonstrated to them." He feels that a bank television program should be dignified and adds: "Banks lend themselves to television. They have many machines which the public does not understand. Television will show them at their highest efficiency. Movies of officials at work, friendly and courteous, loan officers, etc., will do much to break down the mystery surrounding banking."



Gerald A. Vernon, coordinator of television sales, WENR-TV, Chicago, Illinois, has several interesting thoughts on the subject. He says: "The story which banks have to tell, being intangible, is probably best put across when dramatized. I noted in a recent survey that banks loom as pretty formidable institutions in the eyes of many people. Advertising by means of television will humanize these piles of brick and mortar as well as educate great masses of people to a bank's uses and functions."

He adds this: "Many banks I have talked with want a program on a high level such as the symphony, a distinguished news analyst or commentator, choral group, etc. Is this not a mistake, since with shows of this type you are reaching a limited audience? Of course each bank's problems vary, yet it would seem that there is a great deal of spade work to be done on the soap opera and mystery story type of fan."

**"Yes, BUT . . ."**

All of which adds up to the fact that this virile newcomer to the ranks of advertising media presents to banking some interesting possibilities, and at the same time some knotty problems. At the present time, the alert banker will want to keep in close touch with television as it develops, watch how it works for other banks around the country, get the facts about local stations, and be thinking about ways and means of putting this potent force to work for his own bank when and if such a course is justified by the facts.

NOTE: The Katz Agency, Inc., with offices in N. Y., Chicago, Detroit and other cities, has prepared a brochure entitled *TV Facts for Advertisers*. It is a primer on all aspects of this new medium, a gold mine of useful data for the prospective advertiser. If you are interested in television, ask for a copy.



## Methods and Ideas

(CONTINUED FROM PAGE 41)

attention to our direct advertising pieces by avoiding the routine and hackneyed approaches to design. Thus we strive to provoke readership by the use of illustrations that create graphic impressions. We favor papers and ink colors not often in circulation. To every piece we attempt to bring careful production and typographic freshness."

Accepting the responsibilities that go with a bank's role as a community leader, the Old National produces many advertising series that link it with Evansville's past history and with its

current projects and interests. The copy contains no direct reference to banking services.

"We are quite willing," observes Mr. Bischoff, "for our advertising return in these promotions to be by implication of our interest in general progress. It is our belief that the best interests of our organization are served exceptionally well by these oblique advertising practices."

### What a Bank Does

THE FARMERS BANK OF THE STATE OF DELAWARE, Dover, used a newspaper advertisement as the vehicle for

taking the public on a trip through its various departments.

There were two columns of copy. In the first each department was listed; in the second, labeled "What Goes On," the reader was told its activities. For instance, the checking department has: "Six tellers to serve you, each equipped with the latest machines; here payrolls are made up, the housewife obtains her cash, the 'Drive for Funds' money is counted and recorded. Any desired coin is obtained."

In the bookkeeping, statement, transit, and proof department: "Your deposits and checks are properly recorded here. Here your checks are photographed. Checks are forwarded for collection. Of course, all has to be proved first to agree with your figure."

The loan department's activities were outlined thus: "A day never closes unless we make at least five new loans—perhaps a mortgage to help finance a new home; an auto loan, or a loan for farm equipment. Perhaps it's a school project for some 4-H Clubber or F.F.A.'er."

The savings, investments, credit, safe deposit, and trust services of the bank were similarly covered.

### Bank Honors Students

More than 600 Los Angeles high school seniors were honored by BANK OF AMERICA during May for outstanding citizenship, leadership, and scholastic achievement.

The bank, for the second consecutive year, offered to the young people a total of \$7,600 in cash awards and more than 600 trophies and prizes known as Bank of America Achievement Awards. Students honored were selected from four general categories of education: science and mathematics, vocational arts, liberal arts, and fine arts.

A. J. Gock, chairman of the board, said that in presenting the awards as a public service project, "it is the sincere desire of the bank to stimulate initiative and a sense of civic service among the future leaders of our community and government."

"It is our hope," he added, "that these achievement awards will produce long-range benefits to the California youth and to the community in which they live."

### Briefing Junior Officers

The SOUTHERN BANK OF NORFOLK, Norfolk, Virginia, recently inaugurated a plan for acquainting junior officers with the manner in which the bank's

(CONTINUED ON PAGE 116)



**MM HARVESTOR 69...**

- CUTS
- THRESHES
- SEPARATES
- CLEANS . . .

*All Grain and Seed Crops!*

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AND TRUST COMPANY OF CHICAGO

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(CONTINUED FROM PAGE 114)

policies are formulated and the methods used in passing upon the desirability of larger loan applications.

Each junior officer is invited to attend four consecutive meetings of the executive committee. The management believes that this procedure will give the juniors an opportunity to gain considerable knowledge of the bank's operations.

### Mr. Right and Mr. Wrong

The bank public relations skit, "Posi-

tive vs. Negative," written by George Clark, treasurer of Los Angeles Chapter, American Institute of Banking, has had showings at bank employee and chapter meetings in several cities. More than 20 other performances are contemplated.

The skit, which demonstrates the right and wrong ways of meeting and serving the public, was staged at the 1948 convention of the Institute in Buffalo. It has also been enacted for the First Wisconsin National Bank, the Wisconsin Bankers Association (by the First Wisconsin cast), Pennsylvania Bankers Association (by Pittsburgh

Chapter), Central-Western States Section of the Consumer Bankers Association (by the Pullman Trust and Savings Bank, Chicago), Rochester (New York) Chapter, Duluth Chapter, Pasadena Chapter, and the First Trust and Savings Bank of that city.

Copies of the script have been requested by numerous banks and banking organizations.

### In Brief

COLONIAL TRUST COMPANY of New York had a recent window exhibit of products imported from Italy. Coincidentally, the bank published a series of monographs, "World Recovery, Through Imports—Trade with Italy," designed to encourage increased imports from that country.

CITY NATIONAL BANK AND TRUST COMPANY of Chicago televised a sound film version of the pageant "Wheels A-Rolling," a feature of last year's Railroad Fair which reopens on June 25.

THE NORTHERN TRUST COMPANY of Chicago paid more than \$2,000 last year in awards for approximately 300 ideas submitted by the staff and accepted by the bank's Suggestion Committee.

The ROCHESTER (New York) SAVINGS BANK's Employees Club is publishing a bi-monthly, staff-written magazine printed on the bank's own offset press.

The Old Hickory (Tennessee) branch of The American National Bank of Nashville recently moved into new quarters.

Marion Irwin, "southpaw" employee of the United States National Bank, San Diego, displays the conventional checkbook, left, and the bank's new book for left-handers, with stubs and binding on the right hand side



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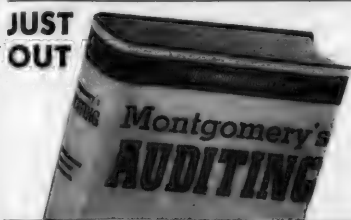
Trustees and staff of Roosevelt Savings Bank, New York, see the new movie, "A" for Achievement

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## New Savings Banks Film

The SAVINGS BANKS ASSOCIATION OF THE STATE OF NEW YORK has added a new 10-minute sound film to its program for improving public understanding of a savings bank's functions.

Produced by RKO Pathe, Inc., the picture is called "A" for Achievement. It's the story of Tim Wellman, a high school boy, and the term paper he writes for his civics class. When the theme subjects were drawn by lot Tim found himself with "A Savings Bank." He'd have been happier with an assignment about newspapers or the fire department. But he gets a new viewpoint on a visit to his local savings bank's president who tells him how these institutions invest their deposits, how they serve their communities, and how they operate. Tim writes his paper and gets an "A."

Professional actors were used in the production of the film, which is suitable for clubs, parent-teacher associations, scout troops, business groups, and other local organizations. Showings will be arranged free of charge in New York State, but prints are also available on a rental or sale basis in other states.

When a booking is arranged, the nearest savings bank is notified and gets the opportunity to sponsor the presentation. Posters and promotional flyers are being circulated to stimulate interest in the picture.

From the film: Student Tim Wellman gets some pointers from a savings banker



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A telephone company exhibit in the bank's lobby

## Promoting Home Industry

WESTERN SAVING FUND SOCIETY of Philadelphia has a year-round plan for telling Philadelphians about their city's industries.

Each month the Society is exhibiting, on the banking floors of its eight offices, the products or services of a local company that is a member of its payday savings plan. It is estimated that more than 200,000 persons pass the exhibits monthly.

The first display, by Bell Telephone Company of Pennsylvania, featured three-dimensional displays pointing out the company's services and growth in the Philadelphia area. Philco Corporation later took over the space to show its products with the aid of an Alice in Wonderland theme.

## Suggestion Box

THE SOCIETY FOR SAVINGS in Cleveland is adopting a suggestion box plan to encourage its employees to submit useful ideas.

Cash awards will be paid for suggestions which an employee committee decides are worthy of adoption. Staff members are asked to write their ideas on a special blank and to tell why they think it useful. Contributions are anonymous, but each blank bears a numbered stub which the employee retains to identify himself when the awards are posted on bulletin boards in the bank.

President Mervin B. France says the Society believes the plan "will afford an opportunity to members of our staff to learn more about their own work and about our bank's work, and at the same time our personnel department will have an opportunity to learn about the ability and the interest of members of our staff."

## March of Nickels

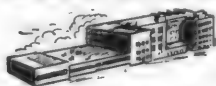
An article in *Credit Executive*, published by the New York Credit Men's Association, tells how Vice-President Joseph Rubanow of MANUFACTURERS TRUST COMPANY keeps mistakes to a minimum. "The staff and I play a game together," Mr. Rubanow is quoted as saying. "Every time one of the staffers gives me information that turns out to be wrong, he must add a nickel to the collection under the glass on my desk." They send the nickels to The March of Dimes once a year.

## New Hampshire



## CONCORD

CONCORD, capital city of New Hampshire, is located on the Merrimack River, near the center of the southern part of the State. It was first established as a trading post in 1660 but in 1725 Massachusetts granted the land to some of her citizens who founded a settlement called Pennycook (named after the Indians who had formerly occupied it). In 1775, it came under the jurisdiction of New Hampshire and was incorporated as Concord in 1784. Its industries are principally granite, printing and leather belting. The city is noted for its broad, well shaded streets, beautiful residences and fine public buildings. The State Capitol was completed in 1819 and was built of fine-grained white granite from neighboring quarries. Mary Baker Eddy chose this spot for her First Church of Christ, Scientist, and for Pleasant View, a home for elderly Christian Scientists. Near the city is located the famous St. Paul's School for Boys, known the world over for its outstanding hockey teams.



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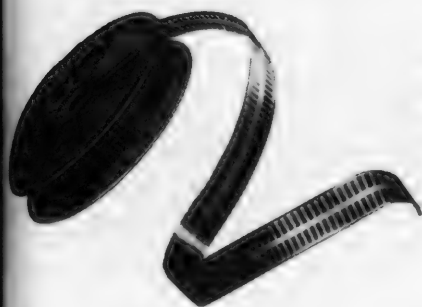
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(CONTINUED FROM PAGE 57)

also increased for it must have a system designed to insure that its security will be protected in the state in which the borrower resides. Also it must be alert to take necessary action when the borrower moves from one county to another, or from one state to another. All of the expense necessary to protect its security is a cost of doing business and is paid by the borrower in the cost of his money or in various "fees" in connection with obtaining his loan. Indeed the cost of full legal protection

often becomes so high that it is more economical for the banker to figure his probable loss ratio on the basis of not obtaining full legal protection and load the losses, in effect, upon the fees charged to honest borrowers. When this situation develops, and to some extent it has developed in the automobile lending field, it is in the interest of borrowers generally that the law be changed.

But borrowers are unorganized and do not see clearly how they can be helped by a change in the law. Legislative change, if it is to come, must be

sponsored and pushed by some cohesive group. Since cheaper loans may mean more business for banks, it would seem that banks would also be interested in securing a uniform automobile title law designed to eliminate the "gyp" and thus reduce the cost of loans to the borrower. What form should such a law take?

### The Solution

Obviously, one of the first things such a law should attempt, is to eliminate all duplicate filing requirements. Liens on automobiles should be filed in only one place, the state capitol, and all laws relating to county filing of liens should be specifically amended to show that they do not apply to liens on automobiles. Second, all liens should be entered on a certificate of title, even though the car is not being sold to a new owner. And third, provision should be made to ascertain what liens may exist on the out of state vehicle when it is first registered in the state.

### Laws on "Skips"

At least six states have passed specific statutes relating to the interstate automobile "skip." Five of them require the posting of a bond by any person bringing a car into the state for purposes of sale, except as a turn-in on a new or used car. The bond is to protect purchasers against liens validly created in the state from which the car originated. The sixth state, New Mexico, has told its courts to give no effect to liens created under the laws of other states except such liens as are noted on the certificate of title. Several other states merely provide that a new registration shall show that the car came from another named state.

It is sometimes said that a certificate of title law makes selling automobiles more costly. An examination of the registration and transfer fees charged in title and nontitle states indicates that this charge is not necessarily true. Furthermore, any slight additional charge of less than a dollar must be weighed against the advantage to all when lenders can eliminate from their charges the risk of unknown liens or of title searches.

In short, the increasing differences in the laws of the several states; the dangers of being lulled into false sense of security by a certificate of title issued by a state, the laws of which provide that liens are good against third parties even though not entered on the certificate of title—all this points to the need for a uniform title law along the lines suggested above.



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# Are We Coddling Socialism Abroad, Too?

(CONTINUED FROM PAGE 35)

prevent them from doing constructive things that good business management would provide because business people know that otherwise the enterprise might be put in jeopardy.

The purpose of pushing through the nationalization of steel is very evident from the remarks of one of the socialist members of Parliament who said during a debate: "Once we have nationalized steel we shall have broken the back of capitalist control of industry in Great Britain and its domination forever. If that happens, whatever party is in power, we shall be a socialist state."

It would be well for the American people to commit this statement to memory so that if they allow our Government to go into the steel business, they will know just what it will do to our country.

Naturally, those in the world who are opposed to the private enterprise system are fighting it in every way that is open to them. In carrying on the fight they have taken a position opposing any agreements that the United States might require before providing funds for, say, Great Britain. These include possibly a provision that ECA funds could not be used for furthering nationalized industries or that such funds would not be provided if the steel industry were nationalized. Such statements say, in effect, that we have no right and that we must not demand that other peoples guide their economies as we do. Further, that we are being imperialistic if we try to lead other countries into carrying on the private enterprise system.

Actually, such statements would be unwarranted even if we did make demands of this nature. The money that the United States government is allotting to foreign peoples is only available from taxation taken from American citizens. Under the law if the ECA believes that any allocations would further nationalization of British industry and would not, therefore, accomplish the purpose for which they were intended—that is, the rehabilitation of the British economy—the ECA would not be justified in allocating such funds. Should the administrator take this position, the British

A corner of the Health Ministry's record files, focal point of the program of "socialized medicine"



Government would be entirely free to go on with its nationalization and refuse to accept the funds from the American Government.

There is no reason whatsoever why the American taxpayer should pay to further nationalization in Great Britain if he believes it would be harmful to that nation and unfortunate for his own country. It just does not make sense. If conditions were turned about, can you imagine any foreign socialist or communist advocating that his country give funds to the United States to further the private enterprise system?

## No Funds for Nationalization

It is clearly in the interest of the British people, as well as in the interest of the people of the United States, for the ECA to advise the British Government that under the law creating the ECA the allocation of funds which directly or indirectly act to further nationalization in Great Britain cannot be allowed. It is entirely possible that such a stand taken by the ECA would be welcomed by the British Government as well as by the British people. The British dilemma is increasing day by day due, in important part, to the nationalization that has already been accomplished, and that which is in process of being undertaken. It does not seem possible that those in the British Government fail to realize that they are in a dead end and that they cannot get out of it without dropping nationalization.

The Atlantic Pact may change the methods that should prevail between the United States and the countries included within the ECA.

There is not the slightest doubt but that the sums allocated by the ECA in the first year of the plan have been far greater than they needed to be. More might actually have been accomplished for the nations concerned on smaller advances from the United States. Lessening the responsibility of the governments and the people of these countries by giving them too much has been most harmful.

Recovery following war, regardless of the degree of destruction that has occurred, is dependent more upon the constructive activity of the natives of the country than upon anything else. The only true purpose of the ECA was to supply such things as were necessary to enable foreign nationals to resume constructive activity. This meant, in the first place, food so that they could live and work and, in the second place, such raw materials as were needed for them to work.

## Recovery Interference

Everything furnished these nations beyond such requirements has interfered with recovery instead of helping it. Extraordinary efforts are required to rebuild a war-torn country, and in the interest of the individuals themselves they must feel this responsibility. It is better for their mental health, their physical being and for their rehabilitation. Everything that is done for a people under the stress of recovery from war that breaks down the necessity for them to strive with all their power is debilitating mentally and physically.

Spiritual rejuvenation is essential to the rebuilding of the

life of a people under adversity. This comes about in large part through the inspiration of accomplishment. As the people follow the improvement in conditions which their work brings about, it recreates their powers of resistance to discouragement and it makes for happiness that cannot come through having life made simple for them by others.

When a people become soft through coddling, every false promise, whether based on so-called ideologies or not, becomes attractive. The menace of communism is undoubtedly greater than would have been true if the United States under ECA had confined its giving to those particular things which make it possible through hard work and very hard work for people in the nations concerned to rebuild their own minds and bodies while restoring their own countries. As conditions got better, little by little a great national spirit would have arisen that would have created forces for right in the world that could not have been blighted by false promises.

However, we have in the United States, with the best of intentions, overreached ourselves and have given to the European countries amounts far in excess of those needed to meet the requirements, and now we have the question before us as to how best to go on from here.

### **Opportunity in Atlantic Pact**

The Atlantic Pact shows us the way. Because of this pact, if it is made effective, we will have assumed a character of obligation that makes it essential that we provide a minimum of military production that might be required in case of war. This opens the opportunity for the ECA to cut drastically its allocations and other aids to foreign countries. This can be accomplished without increasing the strain upon the peoples concerned if it is done intelligently. With the cooperation of the peoples involved, the supplies of all kinds which they have been receiving, but can now provide for themselves, could be stopped.

Where food does not exist in sufficient quantities but can be earned through the effort of those needing it, it can be supplied. Where raw materials required to enable the people to utilize their time in the interest of themselves and their country are needed, they can be given. But no final recovery is ever going to be effected if the ECA does not promptly limit itself to the allocation of minimum essentials.

In carrying out the program we have been giving the governments goods which they have, in turn, sold to their people for the monies of their countries. These monies have then

been made available to the governments to do things which their people should have done. They have enabled some governments to go on with some deficits and prevented them from striving to bring their financial houses in order. Bureaucracies have been built up that are self-destroying. The United States should have no more part in helping to build up bureaucracies in other countries than it should have in helping to build up bureaucracies in our own country. It is just as important to break down such bureaucracies that have already been built up in other countries as it is in our own.

We have apparently overlooked this fact entirely and have seemingly been trying to spend what we have legislated to spend instead of trying to spend to accomplish the rebuilding of strong peoples, which is possible only in a nation where its citizens are willing to work and obtain happiness through accomplishment.

In the United States we have undertaken a system of rehabilitation of broken down human beings that in its success has proved beyond question that similar processes must be used if the world is to succeed in the re-establishment of the spiritual strength without which no nation can rise above its difficulties. This process is one under which every patient, no matter what parts of his body may have been lost to him or rendered useless, is taught to utilize what he may have left to earn his living and give himself a full life. The patients who come out under this treatment take their part in their communities in a wonderful way.

When people, because of war, are afflicted with mental turmoil, they need work and purpose to get out from under it and the opportunity to receive the inspiration that comes from accomplishment. It is clearly our duty in the United States, therefore, if we would really be helpful, to exercise great intelligence and careful judgment and act only in ways that will reconstruct the minds of those involved. Otherwise we will surely delay recovery and develop a world where dissatisfaction prevails, while at the same time we are destroying our own resources.

Bearing all of this in mind, there would seem no question but that we must, in the interest of all countries and of the United States, bring within bounds the relief which we extend.

If we are to do this successfully, the ECA must reduce its expenditures and lean over backward to keep within the terms of the law which created it.



# Washington

(CONTINUED FROM PAGE 43)

by FDIC in cooperation with a committee of the American Bankers Association. Under further questioning Mr. Harl said he thought the FDIC might be ready with recommendations about the assessment rate before the adjournment of the present session of Congress.

"You better had be ready" before Congress adjourns, Senator Robertson advised Mr. Harl.

Senator Burnet R. Maybank, chairman of the whole committee, also asked the Federal Reserve Board to report on two other matters. One was the bill to permit national banks to convert to state charters without going through liquidation and attendant tax liabilities, as under present law. Consideration of this bill in the House Banking Committee was delayed upon the intervention of the Federal Reserve Board.

The other matter upon which Senator Maybank asked for a report was on Reserve Board recommendations for facilitating the acquisition of equity capital by new and small businesses.

## For a Permanent Law

Supporting the plea making permanent the law empowering the Reserve Board to call into being the supplemental reserve requirements were important witnesses. These were, besides Chairman McCabe, Allan Sproul, president, the Federal Reserve Bank of New York; John Snyder, Secretary of the Treasury; Maple T. Harl; Alfred Williams, president of the Federal Reserve Bank of Philadelphia, and Charles R. Whittlesey, professor of finance, University of Pennsylvania.

"Elbow room is essential to an institution such as the Federal Reserve System performing central banking functions," said Gov. McCabe. "Congress has made the System responsible for the maintenance of sound credit conditions in this country in the interest of high-level economic stability. To carry out that responsibility we must always be in a position to operate flexibly, counteracting trends as they set in, either toward inflation or deflation," the Governor declared.

"We come before you, therefore, to ask you to maintain what we regard as the minimum operating leeway needed in view of our responsibilities," he stated.

President Sproul gave qualified endorsement to the proposition to permit supplemental reserves in a statement filed with the committee.



Eugene R. Black (left), a senior vice-president of the Chase National Bank, New York, has been designated president of the International Bank for Reconstruction and Development, succeeding John J. McCloy, (right) who is to become United States High Commissioner for Germany. Mr. Black has been executive director of the World Bank since March 1947



"Personally, I believe that as a means of combatting short run or cyclical inflationary or deflationary pressures, increases or decreases in reserve requirements are, at best, pretty clumsy for effective or equitable use," said Mr. Sproul.

He added, however, that in his opinion it would be clumsier for Congress to legislate on reserve requirements. Mr. Sproul said that he favored using higher reserve requirements as a long term measure of monetary-banking organization.

President Williams said that if the Federal Reserve Board had to go to Congress every time for authority to cope with a situation, that in effect would make the Congress a 96-man Board of Governors of the System. (He apparently excluded the membership of the House in this calculation.) This would put the administrative burden as well as policy determination in Congress.

Secretary Snyder confined his support of this proposition to a letter addressed to the committee. "It seems improvident, however, to place the Board in a position where it would not be possible for it to move rapidly, should increased reserve requirements become necessary," the Secretary suggested.

"We believe that it may be desirable to make permanent the proposed increased reserve requirements for member banks and to extend for two years the authority of the Board of Governors to control consumer instalment credit," said Mr. Harl.

Central banking has an important function to perform in promoting economic stability, said Prof. Whittlesey. He said that it is necessary "to provide the central bank with adequate powers to discharge the functions for which it was created."

Against this support for standby higher reserve requirements, there was an imposing array of banking sentiment which advised the committee to defeat this proposition.

Thus, Edward E. Brown, chairman of the board of the First National Bank, Chicago, Illinois, and president of the Federal Advisory Council of the Federal Reserve System, noted that the Board's proposition "is a proposal to restrict lending power at a time when deflationary forces are under way," and he declared that it was untimely.

Noting the complaint of the Board that it was using up its maximum power to boost reserve requirements under existing law, he suggested if the Board wants the "flexibility" it asks it can obtain it by reducing requirements, further giving the Board leeway later to increase reserves should the economic situation become inflationary.

"Reducing reserve requirements substantially would not do harm just as it did no harm last week," said Mr. Brown. "It would do good because it would tend to make the banks more aggressive in their loan policies with the larger lending power they would have. It would relieve the Reserve banks of some of their overload of \$20-billion of Government securities."

This recommendation was also made by W. Randolph Burgess, chairman of the executive committee, National City Bank of New York. He explained to the subcommittee that when the Board raised reserve requirements last September, "it simply caused the transfer of about \$2-billion of Government securities from the member banks, where they provided some earnings and gave a sense of security, to the Federal Reserve banks, which already had too many of them."

"It is my opinion," said D. Emmert Brumbaugh, Pennsylvania secretary of banking and chairman of the legislative committee of the National Association of Supervisors of State Banks, "that reserve requirements applicable to member banks are too high in the light of present economic conditions."

If the Federal Reserve Board, instead of raising reserve requirements when it did last September, had only waited a few more weeks, it would not have raised them, the subcommittee was told by Robert V. Fleming. Mr. Fleming, president of the Riggs National Bank of Washington, D. C., is a member of the Federal Advisory Council, and is chairman of the Committee on Government Borrowing of the A.B.A.

Indications are definite and absolute that the country's business is on a different plateau, and every effort must be made to keep it on that plateau, advised Mr. Fleming.

### "Most Controversial Request"

The most controversial issue before the Senators was the proposal to extend the supplemental reserve requirements to nonmember banks which belong to the FDIC. Chairman McCabe acknowledged this subject as "our most controversial request."

"Failure to include all such banks will seriously impair the effectiveness of national monetary policy in a critical period," stated the chairman of the Federal Reserve Board. "It will work to the detriment of our whole banking structure at a time when the situation calls for consistency and uniformity in national monetary policy. No category of commercial banking should be exempt to that call."

Gov. McCabe asserted that only supplemental, not all nonmember bank reserves, would be affected. He said that this proposal was designed to protect all commercial banks, that all such banks benefit from the Reserve System's operations, including stabilization of the bond market. Finally, he claimed that his proposal would not

work against the dual banking system, which Gov. McCabe said he supported.

Two of the spokesmen for the state bank supervisors, however, saw the outcome of this proposal in a different light. Richard Rapport, banking commissioner, Hartford, Connecticut, and chairman of the executive committee of the National Association of Supervisors of State Banks, saw in the Reserve Board's proposal "a radical departure from long accepted policy," an attempt to require membership in the Reserve System, and "it would probably mark the beginning of the end of the dual banking system," he said.

### A Precedent?

"The power sought in this bill insofar as additional reserve requirements are concerned is so small in comparison with the announced purposes of the Federal Reserve Board in seeking this legislation that we can only conclude that the purpose is to establish the precedent of Federal Reserve Board control over reserve requirements of nonmember banks.

"Obviously, if that precedent were once established, it would be possible at a later time to increase the amount of reserves that might be required of these nonmember banks or to extend the authority of the Federal Reserve over nonmember banks in other matters," Mr. Rapport pointed out.

A similar warning was sounded by Mr. Brumbaugh, who also noted that dozens of Federal agencies would be exempt from any restriction by the Reserve Board on their lending activities.

An operating country banker, Harry M. Arthur, president of the South Carolina Bankers Association, said that banks in his state are required to conform to state supervision and regulation, "which is fully adequate and the state banks of South Carolina emphatically and vigorously object to any further regulation or control by an additional Federal agency—be it the Federal Reserve System or any other."

Mr. Brown, speaking for the Federal Advisory Council, declared as to this proposal, "there is no emergency to justify rushing through this basic change."

"Make no mistake, this is a fundamental departure from the nation's established banking policies," the committee was told of the proposal to subject FDIC members to the supplemental reserve requirements. This advice came from Harold V. Amberg, vice-president and general counsel of the First National Bank of Chicago, speaking on behalf of the majority of

the Reserve City Bankers Association.

It should be distinctly remembered, said Mr. Amberg, that the FDIC was given an independent status so that it could perform its job, and that the Reserve Board proposal raised the question of whether, if it were enacted, banks might not in many cases abandon deposit insurance to escape Reserve Board regulation.

Two of the high officials who supported the supplemental reserve proposition specifically avoided endorsing, however, the scheme that these reserves should be applied to nonmember banks. Neither Secretary Snyder nor Chairman Harl endorsed this proposition. The first avoided any mention of the subject. The second said it should be made the subject of further study before congressional action was taken.

### The Third Proposition

Virtually all the bankers who testified before the subcommittee opposed the Reserve Board's third proposition, a two-year extension of the law empowering the Board to regulate installment credit. Witnesses for the A.B.A. were presented to the committee by C. Francis Cocke, president, First National Exchange Bank, Roanoke, Virginia, and chairman of the A.B.A. Committee on Federal Legislation.

"The American Bankers Association believes that economic conditions as they now exist call, not for the extension of controls, but for their removal altogether," stated T. C. Boushall, president, Bank of Virginia, Richmond.

"If there is an emergency, then that emergency is of a character quite opposite from that which presumably confronted the nation in 1948 when the controls were re-established," said Mr. Boushall. "Inflationary controls in the period of deflation do not make sense."

Mr. Boushall also said that there is serious doubt Regulation W has at any time had a significant effect upon economic movements.

Continuation of Regulation W was opposed vigorously also by several spokesmen for small loan companies, the American Industrial Bankers Association, the Consumer Bankers Association, and other organizations. Among these spokesmen was Myron R. Bone, Fort Wayne, Indiana, of the American Industrial Bankers.

"About eight years ago," explained Mr. Bone, "Regulation W was devised to 'dampen the demand' for consumer durable goods. It was retained during the war as a measure of enforced savings. It was revived last fall to fight inflation. A remarkable law!"

# A Clinic for Correspondents

**M**ORE than 300 Third Federal Reserve District bankers, taking a day off from their usual chores, gathered in a Philadelphia hotel recently for the sixth annual discussion meeting arranged by the First National Bank of that city for its correspondents.

Practical banking problems, with the emphasis on loss potential and loss prevention, provided the material for the talks to the visitors by officers of the First. Consumer credit, insurance protection, legal points, safe deposit practice and procedure, and such current questions as the reserve method for bad debts and deferred posting were among the subjects discussed in the light of the bank's own experience.

Harry C. Carr, president of the First National, set the keynote with a few observations on the present business situation. The inflation corner, he said, was turned in February 1948, and today the country is in a period of healthy deflation. Mr. Carr was not pessimistic; the only danger he foresaw was the possibility that the public would develop a fear psychosis. The banks have done a good job in keeping the national economy on a sound basis. They must now guard against losses, and business itself must continue to gear itself for readjustment.

**A**LEXANDER GUNTHER, vice-president in charge of consumer credit, said the bank was tightening its policy in this department because of declining employment and other deflationary factors. In his opinion, the current quarter will be the year's most important months for appliance dealers. Discussing television at some length, Mr. Gunther asserted that approximately half the money loaned for the purchase of home accessories was being used for the purchase of this new household entertainment. The lack of demand for other appliances he attributed to the fact that consumers had filled their most urgent needs. But sales potentials in television are tremendous and its affect on the theater, radio, movie, magazine, and book industries, as well as on the individual's social life, is widespread.

Outlining a program of bank insurance, William J. Schiff, assistant secretary of the Indemnity Insurance Company of North America, said the rapid growth of many banks might have left them vulnerable to uninsured losses because they had not revised their cover-

age. He offered a brief check list of types of insurance that merited more intensive study and selected a few kinds of coverage for detailed analysis.

Attorney William Barclay Lex stated that many ordinary transactions handled by banks contain hidden potential losses. Some of these he examined closely, calling attention to liabilities that can result from carelessness.

A. L. Wissman, manager of the First's safe deposit department, pointed out that in leasing safe deposit facilities to an individual a bank establishes a relationship that carries with it implied obligations and limitations.

Comptroller William H. Hurtzman told the bankers that although the question of the adequacy of the present ceiling on the reserve for bad debts, as determined by the present formula, had been under consideration for some time, he felt banks would need additional experience before advocating any substantial changes.

## Predicts Deposit Expansion

*Dr. Lionel D. Edie, economist, speaking at the correspondents' luncheon meeting, predicted a sizable expansion of bank deposits within the next few years. The trend toward tighter money is over, he said, adding that although there would be some decline in bank loans, no drastic liquidation would develop; there has been no speculative credit boom. Expressing the view that the country was heading into a rather substantial budget deficit, Dr. Edie foresaw a change in Federal Reserve basic policy—from restriction to one of trying to generate a new expansion of deposits. Business in general, he thought, would continue to remain in the present period of readjustment and correction until mid-1950 when the trend should swing upward.*

# A Successful Forum-Seminar Year

**T**HE 1948-1949 forum and seminar season of Detroit Chapter of the American Institute of Banking drew an aggregate attendance at five Men's Forum and eight seminar sessions of 5,400.

Membership in the Men's Forum is limited to bank officers, branch managers, department heads, and other senior bank men, who, through age or experience qualify. All, of course, must be members of the A.I.B. The forum promotes the social, business, and educational relations of its members at at least five dinner meetings each year. Programs are arranged by the president—always the chapter's second vice-president—who attempts to procure speakers who are acknowledged leaders in their fields. The subjects covered are of current local or national interest.

T. O. Shreves of The Detroit Bank was the 1948-1949 Men's Forum president.

A senior officer of one of the Detroit banks is invited to serve as guest chairman at each of the forum meetings.

Although women members of the A.I.B. are excluded from the Men's Forum, they are eligible for enrolment in the chapter's seminar program, also under the second vice-president.

"The Development of Personality" was the theme of a lecture series given at this year's eight seminar sessions. The lecturers at the seminars were Mrs. Bonaro Wilkinson Overstreet and Dr. Harry Allen Overstreet.

Enrolments in the seminar were 627 for the year just closing, 328 of whom were men and 299 women. Fifty-nine were wives or husbands of members.

Speakers dais during a Detroit Chapter, A.I.B., Men's Forum session. Left to right, John J. Korney, first vice-president, Detroit Chapter 1948-1949; Raymond A. Jacobs, vice-president, The Detroit Bank, guest chairman; Judge Robert M. Toms; Mr. Shreves; and Glenn Coulter, attorney



# World Business

(CONTINUED FROM PAGE 56)

lieved destined for France via Switzerland."

## YUAN

Last August China's "national government" put the currency on a "gold" basis. In Shanghai mobs rioted to get one "gold yuan" for 3,000,000 old yuan. The gold yuan was started off at four per U. S. \$1. That is, the dollar at that time was worth 12-million old yuan. China's jet-propelled inflation has launched its own offspring in a manner akin to perpetual motion. At this writing the gold yuan, when last seen, was quoted at 3-million per \$1. This is the equivalent, in terms of the old yuan, of 36-trillion per \$1.

With Nanking in communist hands, the Central Bank could not find the two trillion paper gold yuan needed by Shanghai employers to meet local payrolls. The paper supply had run out. Employers proposed that the Central Bank issue fuel and cloth instead. One oil company paid off its workers in tins of kerosene. The post office and government railroads refused paper money, insisting on payment in silver.

## LATIN AMERICAN EXCHANGE

The Office of International Trade, Commerce Department, summarizes in a leaflet the current exchange situation in 13 Latin American countries. The leaflet will be revised from time to time as the situation changes. It is obtainable from the Department's field offices.

## POINT IV

Secretary of Commerce Charles Sawyer predicts that some form of U. S. Government guaranty of foreign investments will be worked out, to encourage private capital to carry out the ideals of the Truman inauguration address as to a bold new program. Mr. Sawyer says the guaranty "obviously should cover more than the dollar convertibility of the original capital investment . . . some guaranty against the risks of expropriation and war damage is desirable." While everyone nowadays is looking for security at the expense of Uncle Sam, one may wonder whether it is wise to tell the world that Washington will pay the bill, if private American investments abroad are nationalized by foreign governments. Investors need a healthful climate, of course, but should the air conditioning be provided by Washington?

## UNDERDEVELOPED

Since and before the announcement of Point IV there has been a steady clamor from underdeveloped parts of the world for American capital to equip the world with modern industry. While the basis of multilateral trade is specialization, it is not hard to convince people in less developed countries that dependence on the production of primary products leaves them vulnerable to the storms of other countries' economies. But it doesn't follow that each and every country should try to be a little U.S.A. George H. Houston, an American industrialist has suggested the dimensions of that ambition thus:

If by 1980 . . . Mexico is to have a degree of industrial development per capita equal to the per capita development of the United States in 1930 [half a century earlier], there must be found for use in Mexico . . . machinery and equipment of an aggregate value of about \$8 billion, at 1929 price levels.

And capital goods have risen 70 percent in price since 1929.

## ADVICE ON POINT IV

The United States Council of the International Chamber of Commerce has recommended to President Truman the appointment of a committee of Government officials, businessmen and bankers to advise on the private investment aspects of Point IV. Results cannot be achieved overnight, the Council warns, and there are many pitfalls to be avoided. A committee headed by Warren Lee Pierson, onetime president of the Export-Import Bank, drafted the recommendations. Mr. Pierson subsequently visited the White House.

## NAM

The National Association of Manufacturers has available for distribution copies of a study, *Capital Export Potentialities after 1952*, an economic and statistical analysis submitted to the UN by Curtis E. Calder, chairman of NAM's International Relations Committee. "With the termination of the ERP, the American taxpayer will have reached the limit of his desire and ability to finance foreign development by grants," the committee reports. Intergovernmental loans are relatively undesirable, compared with equity financing. "Under certain reasonable assumptions private foreign investment of U. S. capital will amount to approximately \$2 billion a year after completion of ERP. One of the assumptions basic to this estimate is that the climate will be favorable for such investment," the study concludes.

## INDIA

In an effort to reassure potential foreign investors, capital-hungry India's Prime Minister has made a public statement of the government's policy toward imported capital. How far into the future the assurances will hold is not clear. Mr. Nehru said the government "does not intend" to place any restrictions on foreign as distinct from domestic enterprises. He said the government "do not foresee" any difficulty in continuing facilities for the remittance of profits and "have no intention" to restrict withdrawal of capital investments. "If and when foreign enterprises are compulsorily acquired," compensation will be fair, investors are assured.

## LITTLE ERP

That great oaks from little acorns grow, we know; but we sometimes forget that little acorns grow from great oaks. Professor Seymour E. Harris of Harvard, former OPA economist, recommends a second four-year ERP program, a "little ERP" of at least \$2-billion a year when the present one ends. Not so little at that, it seems. We could see this coming, of course, but we didn't know what it would be called. And why just four years still is not clear. Why not two years or six? Anyone who can see ahead to 1956 ought to be able, by standing on tip toe, to take in 1958 as well.

## FOREIGN AID

Including unpaid balances of World War I loans the U. S. has aided the outside world to the tune of more than \$92-billion of gifts and loans, Repre-



"I want to rent a safe deposit box!"

sentative James E. Van Zandt reports. There must be something wrong with this figure, since it includes only \$1,585,000,000 as the U. S. A.'s share of the Fund and Bank. The second largest recipient on the Congressman's list, which includes Lend-Lease, is the USSR, down for nearly \$13-billion.

### ECA WEAKNESSES

The Detroit Board of Commerce points to weaknesses in the administration of ERP. Data on allocations and the type of organization in ECA indicate that political considerations make relief in the form of grants or gifts the

No. 1 objective, the Board of Commerce holds, while permanent aid to industry has been pushed into the background, adding: "We feel that ECA is governed too much in its activities by foreign governments, who are most anxious to get into their direct control as much of the money as possible."

### DILEMMAS

Dilemmas are Washington's daily diet. Legislators who want to cut ECA appropriations clamor for aid to China. The currency managers are the staunchest defenders of holding the price of gold

firm. Advocates of large investment abroad object to any measures which will make it possible for the world to pay what it owes us in goods. Spenders and economizers vie for the approval of the Congress, and sometimes they are the very same people.

### EMBASSIES

Now that Ethiopia and the U. S. have changed the status of their diplomatic missions from legations to embassies, there remain only 16 countries of legation rank in the diplomatic list. (Time was when it was a mark of distinction to have an ambassador.) How to classify Paraguay is a problem. The State Department list records the fact that we have no diplomatic relations with Paraguay, but none the less lists that country's ambassador and staff in Washington. Presumably His Excellency Sr. Dr. Don Juan Felix Morales still carries diplomatic tags on his car, in case it is necessary to park in spots forbidden to mere citizens. The police, who never learn, tag such cars daily in Washington.

### INFORMATION

Catering to the American citizen's craving for reading matter has become rather big business for foreign governments. The Chamber of Commerce of the United States has filled a 29-page pamphlet with a list of foreign government information services in the United States. The booklet reports that the United States maintains in foreign capitals similar services.

### Late Flashes

**Geneva.** News reports quote UN's Economic Commission for Europe as saying that, in spite of the general recovery in Europe, the general economic outlook on the Continent is poor because of a persistent dollar shortage and the almost total absence of integration of the economic plans of the various European nations.

**Washington.** Two days' hearings in the Senate Banking and Currency Committee on bills to permit a "free gold market" showed surprisingly little committee interest. Only about half a dozen senators showed up at all, and most of the time only one or two were present. Several bankers testified, but none spoke for organized banking. The committee did not seek the views of the Treasury or World Fund.

**Washington.** The Chamber of Commerce of the United States has prepared a bulletin, *Investment Opportunities in British Africa*.

## THE BALTIMORE AND OHIO RAILROAD COMPANY

### SUMMARY OF 1948 ANNUAL REPORT

#### INCOME:

	Year 1948	Comparison with 1947
From transportation of freight, passengers, mail, express, etc.....	\$400,190,447	I \$39,895,452
From other sources—interest, dividends, rents, etc. ....	6,529,817	D 775,888
Total Income .....	<u>\$406,720,264</u>	<u>I \$39,119,564</u>

#### EXPENDITURES:

Payrolls, materials, fuel, services and taxes.....	\$355,196,706	I \$27,941,444
Interest, rents and miscellaneous services.....	29,365,263	D 1,720,794
Total Expenditures . . .	<u>\$384,561,969</u>	<u>I \$26,220,650</u>

#### NET INCOME:

For improvements, sinking funds and other purposes. \$	<u>22,158,295</u>	<u>I \$12,898,914</u>
--	-------------------	-----------------------

B&O net investment in transportation facilities was \$1,002,642,766. On this, earnings showed a return of only 4.30%. This was better than the 3.04% earned in 1947, but is still not enough to provide funds needed for essential improvements.

In 1948, improvements cost \$58,617,947. Of this, \$43,728,392 was invested in equipment, including 58 road Diesel locomotives, 70 Diesel switchers, 3 steam locomotives, 5634 hopper cars, 25 flat cars, and 8 new sleeping cars. Acquisition of this equipment has resulted in improved service and economies.

During the ten years ended December 31, 1948, the principal amount of outstanding System funded debt, other than equipment obligations, was reduced by more than \$131,000,000. The saving in annual interest charges is roundly \$6,000,000. Equipment obligations increased \$68,496,743 during the same period. Annual interest charges on total funded debt, including equipment obligations, outstanding December 31, 1948, were \$25,654,751. This is \$4,837,760, or about 15.87%, less than at December 31, 1938.

On November 15 a dividend of One Dollar per share was declared on the Company's Preferred Stock, and paid December 22.

**R. B. White, President**

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Above all, too, is your bank's desire to serve your customers...to protect their funds not only in the bank, but also traveling here or abroad.

Give your clients this protection for their travel funds through National City Bank Travelers Checks. They are recognized all over the world,

### ABOVE THEFT!

and spendable everywhere, just like cash. If they are lost, stolen, or destroyed, their full value is refunded. Issued in denominations of \$10, \$20, \$50 and \$100.

Your bank retains ALL the selling commission of  $\frac{1}{4}$  of 1% on checks sold. Write for details.

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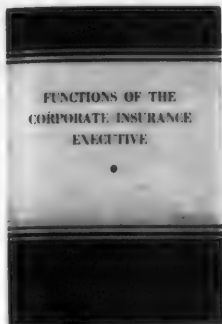
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## Business Aids

EACH month this column will list recent acquisitions of manufacturers' literature which will supplement the material indexed in 1947 by the A.B.A. Small Business Credit Commission.



**FUNCTIONS OF THE CORPORATE INSURANCE EXECUTIVE.** 50 pages. A comprehensive picture of insurance administration and analysis of business risks obtained through consultation with over 250 companies in the United States and Canada, ranging from small manufacturers to large organizations, and representing 43 basic industries. The above report was prepared by the Metropolitan Life Insurance Company for group-insured companies.

A limited supply is available to executives who write on their business stationery to *Policy Holders Service Bureau, Metropolitan Life Insurance Company, New York 10, New York.*



**HOMES OF BEAUTY.** A handsomely illustrated booklet containing pictures and floor plans of seven small homes designed for cedar shingles. Points out the durability of red cedar, the use of shakes or shingles in remodeling and re-roofing, the correct method of application . . . nails to use, spacing, flashing, etc. Can be obtained for 10 cents by writing to *Red Cedar Shingle Bureau, 5510 White Building,*

*Seattle 1, Washington.*

A kit including plan details of the Certigrade National Home is available for 25 cents from the same source. It contains, in addition to the above booklet, an 8-page "Visograph" work sheet in which the prospective home builder can compile his own specifications. Sections are included for complete construction details for living, dining, and sleeping areas, kitchen, laundry, bath, basement, garage, heating, plumbing, wiring, etc.

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## New SEMI-AUTOMATIC

# Coin Changer

Sets a New High Standard For Accurate, Low Cost Cashier Equipment



*Stays in Style  
Stays in Service*

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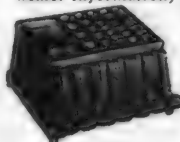
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Hammer-tone finish over aluminum. Keeps clean inside and out.
- ⑥ WIDE BASE—WELL BALANCED  
Occupies minimum counter space 13"x11", yet holds maximum amounts of change.



# New Books

## Corporate Profits

**THE THEORY OF CORPORATE PROFITS.** By Roy A. Foulke. Dun & Bradstreet, Inc., New York. 97 pp.

THE profit figures achieved and certified by public accountants today are quite alien to economic profits, says this pamphlet by the vice-president of Dun & Bradstreet, Inc. Mr. Foulke shows how a combination of recorded facts, accounting conventions, and personal judgment results in "accounting" profits that often differ radically from real profits. The existing accountancy framework is too rigid to reflect accurately the fluctuations of the "real" profit dollar, as it fails to take into mathematical computations depreciation on replacement values, and "accounting profits" due to inventory inflation.

The difference between "accounting" profits and "real" profits is sharply drawn. Real profits are related to current values, says Mr. Foulke, while accounting profits are based upon recorded costs that were incurred over a period of time at changing price levels. The fallacy in comparing accounting profits of today with those of any other period is due to the fact that dollars of different values are involved for each period.

In his analysis of the theory of profits, Mr. Foulke says: "There is great basic confusion between accountancy and economics—first, because economics know only one value, economic value; second, because 'profit' as the word is used and practiced by accountancy, today represents a combination of economic rent on the value of land and economic profit on invested capital. Money is a medium of exchange, not an absolute measure of economic value. Yet accountancy, as a mathematical science, uses money as a unit of measure, and it uses the money of this year, of last year, of the year before that, and of 10 years ago, all in the same schedule of assets and the same schedule of expenses."

Corporations are forced by the accounting conventions to include depreciation charges that are insufficient during a period of rising prices to replace worn out equipment at the currently high price levels. Low depreciation charges help to give the illusion of high profits.

Similarly with inventories, many corporations unwillingly create the illusion of unusually high profits simply because of changing prices. A rise in price increases "accounting" profits as respective items in the inventory are sold. Corporate "accounting" profits in 1947 amounted to \$18.1 billion of which \$5.1 billion represented inventory profits.

The real level of profits can be determined by its relationship with wages, dividends, and earnings generally. These relationships, worked out in considerable detail by Mr. Foulke, represent a more practical yardstick for measuring profits. According to the measures, real profits have not risen nearly as high as is indicated by the existing accounting profit figures.

## Albert H. Wiggin

**NEW ENGLAND SON.** By Marjorie Wiggin Prescott. Dodd, Mead, New York. 276 pp. \$3.50.

THE daughter of the former president and chairman of The Chase National Bank has written an intimate, anecdotal biography of her father. In the

foreword she says: "... the story of my father's background and home life, his triumphs and his mistakes are a slice of pure Americana; many of the incidents in this book belong to a period which—for better or worse—will never be duplicated, and this story, in its simple way, is a record of those bygone days. . . ."

"At one period, my father was widely known in Europe and the United States as the man who had built the largest bank in the world; since banking, in one way or another, touches the lives of almost everyone, a glimpse of the path that led to the development of 'The Chase' may have interest for others. But probably the most important reason for making this record is the simple fact that I am my father's daughter and for fifty-odd years our relationship has been of the closest."

Many men prominent in banking come into the story—A. Barton Hepburn, Henry P. Davison, August Belmont, Gates W. McGarrah, Thomas W. Lamont, Seward Prosser, and Winthrop W. Aldrich, to mention only a few. Also, the successive mergers that developed the Chase organization are recounted. So are other news-making financial events of the late Twenties and early Thirties, including Mr. Wiggin's appearance before the Senate Banking and Currency Committee which in 1933 was busy with its hearings on the affairs of private and commercial banks.

"Reform by lawmakers," writes Mrs. Prescott, "cannot be accomplished without example of dire necessity. My father, Albert Henry Wiggin, son of a poor Yankee parson, known as the man with a million friends, the man who had built the Chase, was the prime witness chosen to testify to the universe that the banking system of the United States was in need of legal restriction. My father was not blind to the fact that those carrying the banner of reformation were 'seeking to catch something out of his mouth, that they might accuse him.'"

The first few chapters of the book are devoted to homely details of Wiggin's early life in New England, his beginnings as a banker in Boston, and his move to New York as a vice-president of the National Park Bank, whence he transferred to the Chase.



"I do too have a four-figure balance—three, seven, point, nine, six, right to the penny."

## Blue Book

The first 1949 edition of the *Rand McNally Bankers Directory* shows an increase of \$5,941,900,000 in deposits during the last six months of 1948. Surplus and undivided profits rose \$320,268,000 and loans increased \$3,183,294,000. Holdings of U. S. Government securities decreased \$1,907,233,000 during the half year, but other bonds and securities were up \$770,852,000.

Twenty-nine banks discontinued during the half year. Nineteen were state banks, seven were national, and three were private banks. However, the number of branch offices was greater at the year's end than at its beginning, the total as of December 31 being 19,524 banking offices of all types.

## Other Books

**AUDITS AND EXAMINATIONS.** By *Christian Oehler*. American Book Company, New York. 541 pp. \$5.25. An instruction manual in audit and examination procedures for accounting students and practicing accountants. "The primary objective is to provide training in the techniques and practice of auditing," the emphasis being on standards and procedures.

**HANDBOOK OF PATENTS.** By *Harry Aubrey Toulmin, Jr.* O. Van Nostrand, New York. 769 pp. \$9. Dr. Toulmin says the object of his book is "to furnish the philosophy upon which the patent law is grounded and an understanding of the relationship of the patent law to manufacturing, research, and engineering. . . ." Each chapter is a guide to the steps that must be taken in connection with obtaining a patent.

**MAINTAINING COMPETITION.** By *Corwin D. Edwards*. McGraw-Hill, New York. 318 pp. \$3.75. Mr. Edwards, formerly professor of economics at Northwestern University, sets forth "the content of a policy designed to maintain the competitive system within the United States." The interrelated parts of the system, the boundary between competition and regulation, and the changes needed to make a policy effective are among the major points presented.

**PARAGUAY.** By *Harris Gaylord Warren*. University of Oklahoma Press, Norman, Oklahoma. 353 pp. \$5. An "informal history" surveying Paraguay's four centuries. The book is largely a synthesis of materials published in various languages.

**OUTLINE OF CONDITIONAL SALES AND CHATTEL MORTGAGE LAWS BY STATES.** By *William V. Brooks*. \$3. Mr. Brooks, a Chicago attorney, has published this second edition of his chart designed for quick reference use by persons who use conditional sales or chattel mortgage forms in their business. It provides a general state-by-state checklist to enable readers to determine whether they have a valid form and have conformed with the applicable laws.

**MONEY AND BANKING.** By *J. Marvin Peterson* and *D. R. Cawthorne*. Macmillan, New York. 622 pp. \$5. A revised edition of a textbook first published in 1941, taking into account particularly the progress being made in analyzing the flow of money and the large increase in its supply. Mr. Peterson is director of research at the Federal Reserve Bank of Minneapolis. Mr. Cawthorne is professor of economics at Miami University.

The price of Dr. Paul Einzig's book, **PRIMITIVE MONEY IN ITS ETHNOLOGICAL, HISTORICAL, AND ECONOMIC ASPECTS** (Eyre & Spottiswoode, Ltd., London), is 25 shillings and not 15 as stated in *BANKING'S* "New Books" department for April.

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### Some Chapter Headings

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STOPPING PAYMENT  
TRUSTS, ESTATES  
and WILLS

## THE CONDITION OF BUSINESS

By WILLIAM R. KUHN

**The Outlook.** The business picture looks quite different when seen from a distance, where the current readjustment shows up only as part of the landscape.

If we stand a few years off and take in the whole scene from World War I through World War II and on into the uncharted 50's the view is interesting to say the least. Whatever else happens we are likely to know a lot more about inflation before we are through.

We are still mid-stream in an era of planned spending or, as some call it, planned economy, although it contains little planning and less economy.

The decade of the 20's was a boom period, except for a short, sharp correction near the beginning and a collapse at the end. The 30's will always be associated with depression and the 40's with war and the kind of prosperity that war often produces.

We still have a while to go before this decade is over. Many things can happen and probably will. By this fall there will probably be a real test indicating how far this current movement is going.

The opinion still prevails among most commentators that this recession or what-you-may-call-it which business is experiencing now is nothing to worry about. In fact, many have started calling it a "rolling readjustment" which sounds gay and certainly not unpleasant, if only it would not roll too much and too long.

However, without minimizing the importance of tax and labor legislation, price and production declines, or a host of immediate factors, it might be well to look farther ahead and try to envision what the decade of the 50's will be famous for.

### **Birth of the Dollar Shortage**

The first war expanded our productive capacity to such an extent that we had to find new foreign and domestic markets in order to keep going. Thus was born the dollar shortage abroad, although it did not have such a quaint name in those days. It was simply that people abroad had a great desire to buy our goods but no way to pay for them and we of course had a great desire to sell. So there was a painful dollar shortage which anyone can understand who has ever looked longingly at a four-door convertible he could not afford.

There followed in the 20's the unforgettable era of large private loans abroad, great advances in merchandising and consumer credit techniques at home, war debt defaults and stock market speculation.

The process of paying ourselves for much of our own exports began then and was continued by various bookkeeping devices in the 30's. Then came lend-lease followed by several postwar relief mechanisms, which gave way to the current

ECA soon to be supplemented by the Bold New Program of aid to underprivileged countries.

### **Came the Dawn, November 3**

The present condition of business which will set the pace and perhaps the pattern for the 50's began early in the morning of last November when the country opened its front door, stooped for the paper, and was struck by the fact that the face on the front page was not the face that everybody expected. Some were pleased and some, alas, were not.

Weeks passed, the sun continued to come up, trains were no later than usual, and there came a period of hopeful if not bright expectations. Then began to appear in print the various messages to Congress and speeches by individuals close to the throne. Doubts were revived and they were usually linked to such disturbing ideas as socialism, welfare state, higher corporate taxes and Labor spelled with a capital.

That is about where we are today, with the doubts still present but tempered with hope arising from the record thus far in Congress.

Barring war, which is not likely before Russia feels strong enough, the show that will occupy the center of the business stage for many years to come is the fight between spending and economy in government. Spenders have the advantage because inflation is something that most people like to taste even if they know it's poison.

There is prospect of a good sized deficit in 1950 and a return to deficit financing. No possible increase in taxes can change this situation because any rise big enough to accomplish the purpose would injure business so badly as to defeat itself.

When the seriousness of this impasse becomes generally known, the Government will come to the rescue with more of that miraculous credit and monetary medicine which has been its stock in trade, for these many years.

### **Merry-Go-Round**

Absent are most of the symptoms which preceded the depression of the 30's, such as unemployment, over-speculation and over-selling. In fact we have not begun to speculate or sell.

Present in a big way is the principal cause of the boom of the 40's, namely Government spending which seems out of control, piled on top of existing liquid assets of individuals exceeding \$200-billion.

To borrow a thought from the Theory of Relativity, the great question of the 50's will be how far can we go in this merry-go-round before we meet ourselves coming back, or before we find ourselves in the place where we climbed aboard, which was along about 1933.

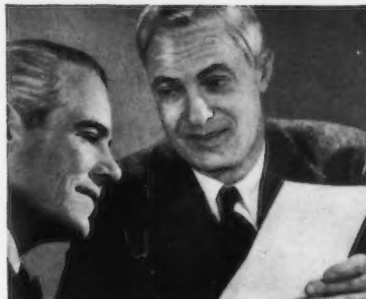
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